

City of Washington, Kansas

**Financial Statement
As of December 31, 2025
and For the Year Then Ended**

With Report by Independent Auditor



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of the
City of Washington, Kansas

Adverse and Unmodified Opinions

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of the City of Washington, Kansas (the City), as of and for the year ended December 31, 2025 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of my report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2025, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In my opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2025, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of my report. I am required to be independent of the City, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of receipts and disbursements - agency and related municipal entity (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

I also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2024 (not presented herein), and have issued my report thereon dated February 23, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and my accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/accountsreports/local-government/municipal-services>. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2025 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 11, 2026 on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ShIPLEY CPA, LLC

ShIPLEY CPA, LLC
Topeka, Kansas
March 11, 2026

**CITY OF WASHINGTON, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances And Accounts Payable	Ending Cash Balance
General Fund:						
General	\$ 1,462,034	\$ 532,027	\$ 532,526	\$ 1,461,535	\$ -	\$ 1,461,535
Special Purpose Funds:						
Employee Benefits	190,996	112,838	112,307	191,527	-	191,527
Library	130,777	83,045	55,753	158,069	-	158,069
Special Highway	265,730	33,565	74,716	224,579	-	224,579
Special Highway Improvement	-	-	-	-	-	-
Special Law and Fire	120,859	7,499	58,613	69,745	-	69,745
Special Park and Recreation	237,360	8,227	-	245,587	-	245,587
Special Alcohol	9,587	2,078	-	11,665	-	11,665
Municipal Equipment Reserve	457,744	101,383	132,161	426,966	-	426,966
Municipal Improvement	1,463,153	492,162	571,266	1,384,049	-	1,384,049
Ambulance Reserve	99,140	16,510	-	115,650	-	115,650
Capital Project Fund:						
Capital Projects	343,489	36,731	-	380,220	-	380,220
Business Funds:						
Water Utility	1,332,531	370,400	370,535	1,332,396	-	1,332,396
Sewer and Waste Utility	567,196	412,257	493,689	485,764	-	485,764
Electric Utility	1,846,921	1,574,424	1,619,421	1,801,924	1,746	1,803,670
Ambulance Utility	137,165	228,818	217,598	148,385	-	148,385
Related Municipal Entity:						
Washington Public Library	233,793	8,936	45,644	197,085	-	197,085
Total	\$ 8,898,475	\$ 4,020,900	\$ 4,284,229	\$ 8,635,146	\$ 1,746	\$ 8,636,892

Composition of Cash:

Checking accounts	\$ 197,684
Money market	7,288,616
Certificates of deposit	1,299,760

Total

	8,786,060
Less Agency Funds (per Schedule 3)	<u>(149,168)</u>

Total Reporting Entity (Excluding Agency Funds)	<u>\$ 8,636,892</u>
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The notes to the financial statement are an integral part of this statement.

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2025**

Note 1 – Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Washington, Kansas (the City) is a municipal corporation governed by a citizen-elected mayor and five elected council members. The financial statement presents the City of Washington, Kansas and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the city and/or its constituents.

Washington Public Library: The Library Board operates the City's public library. The Library Board operates as a separate governing body. Acquisition or disposition of real property by the Library Board must be approved by the City. Bond issuances must also be approved by the City. The Washington Public Library is organized under K.S.A. 12-1218. The City levies a property tax for the Washington Public Library under K.S.A 79-1952, which is deposited in the City's Library Fund and transferred to the Washington Public Library for its operations.

This financial statement does not include the related municipal entity shown below.

Washington Housing Authority: The Washington Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. The audit of their financial statement is available at the Washington Housing Authority's office, 350 Washington Street, Washington, Kansas 66968.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The following types of funds were utilized in recording the financial activities of the City for the year 2025:

General fund – The chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose funds – Used to account for the proceeds of specific tax levies and other specific regulatory receipt sources that are intended for specified purposes.

Capital Project fund – Used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business funds – Funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Agency funds – Used to account for assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.)

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2025**

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash.

The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use regulatory basis of accounting.

Reimbursed Expenses

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

Note 2 – Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the City is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The City did hold a revenue neutral rate hearing for this year.

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2025**

Note 2 – Budgetary Information (continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. There were no such amendments to the 2025 budget.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, and the following special purpose funds: Municipal Equipment Reserve, Municipal Improvement and Ambulance Reserve.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 3 – Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2025**

Note 3 – Deposits and Investments (continued)

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require the Government’s deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. The City did not have a peak period pledge agreement during 2025, and therefore the City did not designate peak periods. All deposits were legally secured at December 31, 2025.

At December 31, 2025, the carrying amount of the City’s deposits including certificates of deposit was \$8,588,975 and the bank balance was \$8,785,978. The bank balance was held at two banks resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks and deposits. Of the bank balance, \$500,000 was covered by FDIC insurance and the remaining was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City’s name.

Related Municipal Entity

At December 31, 2025, the carrying amount of the Washington Public Library deposits including certificates of deposit was \$197,085 and the bank balance was \$197,085. The bank balance was held at one bank. Of the bank balance, all was covered by FDIC insurance.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Note 4 – Property Taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar-year basis and are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amounts of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

Note 5 – Long-Term Debt

During 2021, the City issued Series 2021 General Obligation Bonds in the amount of \$6,151,000 for the purpose of refunding the General Obligation Temporary Note Series 2019 which were issued for a water improvement project.

During 2022, the City entered into a lease purchase agreement for two engines for the City’s electric power plant. The amount of the agreement is \$1,884,157 to be paid over 20 years at a rate of 3.78% with payments starting April 8, 2022.

CITY OF WASHINGTON, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2025

Note 5 – Long-Term Debt (continued)

Changes in long-term liabilities for the City for the year ended December 31, 2025 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest and Service Fee
General Obligation Bond									
Series 2021	1.75%	3/25/2021	\$ 6,151,000	3/25/2061	\$ 5,823,049	\$ -	\$ 113,259	\$ 5,709,790	\$ 101,903
Capital Lease									
Lease Purchase	3.78%	3/8/2022	\$ 1,884,157	3/5/2042	<u>1,701,052</u>	<u>-</u>	<u>71,534</u>	<u>1,629,518</u>	<u>62,983</u>
					<u>\$ 7,524,101</u>	<u>\$ -</u>	<u>\$ 184,793</u>	<u>\$ 7,339,308</u>	<u>\$ 164,886</u>

Current maturities of long-term debt and interest for the next five-year increments through maturity are as follows:

	<u>Principal</u>	<u>Interest and Service Fee</u>
2026	\$ 189,344	\$ 160,268
2027	194,210	155,402
2028	198,804	150,808
2029	204,374	145,238
2030	209,689	139,923
2031-2035	1,133,592	614,468
2036-2040	1,292,713	455,347
2041-2045	936,915	710,235
2046-2050	843,990	231,820
2051-2055	920,502	155,308
2056-2060	1,003,930	71,880
2061-2065	<u>210,955</u>	<u>4,207</u>
	<u>\$ 7,339,018</u>	<u>\$ 2,994,904</u>

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2025**

Note 6 – Interfund Transactions

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Authority</u>
General	Special Law and Fire	\$ 2,000	12-101a
General	Municipal Equipment Reserve	15,000	12-1,117
General	Capital Projects	10,000	12-1,118
Water Utility	Municipal Equipment Reserve	5,800	12-1,117
Water Utility	Capital Projects	10,000	12-1,118
Electric Utility	Municipal Equipment Reserve	55,000	12-1,117
Electric Utility	Capital Projects	5,000	12-1,118
Sewer and Waste Utility	Municipal Equipment Reserve	10,000	12-1,117
Sewer and Waste Utility	Capital Projects	10,000	12-1,118
Ambulance Utility	Ambulance Reserve	10,000	n/a

Note 7 – Compensated Absences

The City provides compensation for absences. The policy permits employees classified as full-time, one who works 40 hours per week, to accrue vacation time at the following rates:

<u>Years of Service</u>	<u>Accrued Vacation Leave Per Pay Period</u>
Start of employment	1.54 hours
After 2 year anniversary	3.07 hours
After 10 year anniversary	4.62 hours

The City also allows full-time employees to earn sick leave at the rate of 3.69 hours per pay period, regardless of their years of service. No employee may accumulate more than 160 hours of vacation leave and 480 hours of sick leave. Upon termination, an employee shall be paid 50% of the accumulated vacation leave at the employee’s current wages and shall not receive any payment for unused sick leave.

Note 8 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no decreases in insurance coverage from the prior year.

Note 9 – Defined Benefit Pension Plan

Plan Description: The City participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

CITY OF WASHINGTON, KANSAS

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2025

Note 9 – Defined Benefit Pension Plan (continued)

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were \$53,567 for the year ended December 31, 2025.

Net Pension Liability

At December 31, 2025, the City's proportionate share of the collective net pension liability reported by KPERS was \$461,999. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

Note 10 – Evaluation of Subsequent Events

The City has evaluated events and transactions for potential recognition or disclosure through March 11, 2026, which is the date the financial statement was available for issue.

Regulatory-Required Supplementary Information

**CITY OF WASHINGTON, KANSAS
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund:					
General	\$ 2,023,090	\$ -	\$ 2,023,090	\$ 532,526	\$ (1,490,564)
Special Purpose Funds:					
Employee Benefits	259,000	-	259,000	112,307	(146,693)
Library	157,755	-	157,755	55,753	(102,002)
Special Highway	265,779	-	265,779	74,716	(191,063)
Special Highway Improvement	-	-	-	-	-
Special Law and Fire	120,675	-	120,675	58,613	(62,062)
Special Park and Recreation	129,673	-	129,673	-	(129,673)
Special Alcohol	6,292	-	6,292	-	(6,292)
Business Funds:					
Water Utility Fund	1,358,457	-	1,358,457	370,535	(987,922)
Sewer and Waste Utility	519,742	-	519,742	493,689	(26,053)
Electric Utility Fund	2,843,691	-	2,843,691	1,619,421	(1,224,270)
Ambulance Utility	317,380	-	317,380	217,598	(99,782)

**CITY OF WASHINGTON, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Ad valorem tax	\$ 230,399	\$ 238,752	\$ 244,428	\$ (5,676)
Delinquent tax	3,890	3,515	-	3,515
Motor vehicle tax	34,567	34,307	29,082	5,225
Recreational vehicle tax	700	776	617	159
16/20M vehicle tax	296	279	230	49
Commercial vehicle tax	-	25	375	(350)
Watercraft tax	223	237	196	41
Neighborhood revitalization rebate	(22,629)	(23,734)	-	(23,734)
Liquor tax	1,196	1,300	1,475	(175)
Local sales tax	170,779	136,338	200,000	(63,662)
Franchise tax	30,781	41,802	38,000	3,802
Payments in lieu of taxes	9,104	8,371	7,500	871
Fines, forfeitures and penalties	3,017	300	500	(200)
Licenses	1,351	2,826	2,000	826
Cemetery, pool and park fees	19,311	19,060	22,000	(2,940)
Intangible tax	-	-	-	-
Fire	136	402	200	202
Police	2,919	2,892	5,500	(2,608)
Street	4,007	1,731	1,000	731
Friendly Corner	4,200	3,950	4,200	(250)
Ballpark	-	20,080	-	20,080
Farm and community building rent	-	-	1,500	(1,500)
Interest on idle funds	13,093	19,730	8,000	11,730
Transfers in	539	-	-	-
Miscellaneous	159,507	19,088	25,000	(5,912)
Total Receipts	667,386	532,027	\$ 591,803	\$ (59,776)
Expenditures				
Administration				
Personnel services	96,116	98,892	\$ 104,100	\$ (5,208)
Contractual services	30,379	27,607	44,000	(16,393)
Commodities	3,954	2,986	12,000	(9,014)
Police	9,444	9,778	13,400	(3,622)
Fire	8,091	12,505	13,500	(995)
Cemetery, Pool & Park	59,309	124,120	110,090	14,030
Street	171,604	190,592	425,945	(235,353)
Golf course appropriation	4,014	5,000	5,000	-
Economic development	-	530	-	530
Housing cleanup	283,507	2,806	12,000	(9,194)
Friendly Corners	7,992	11,395	12,200	(805)
Playground	9,578	19,315	-	19,315
Dog Park	-	-	3,432	(3,432)
Transfers out	27,000	27,000	27,000	-
Cash forward	-	-	1,240,423	(1,240,423)
Total Expenditures	710,988	532,526	\$ 2,023,090	\$ (1,490,564)
Receipts Over (Under) Expenditures	(43,602)	(499)		
Unencumbered Cash, Beginning	1,505,636	1,462,034		
Unencumbered Cash, Ending	\$ 1,462,034	\$ 1,461,535		

**CITY OF WASHINGTON, KANSAS
EMPLOYEE BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Ad valorem tax	\$ 84,392	\$ 101,714	\$ 104,134	\$ (2,420)
Delinquent tax	1,300	1,308	-	1,308
Motor vehicle tax	12,795	13,004	10,953	2,051
Recreational vehicle tax	262	295	233	62
16/20 M vehicle tax	93	108	87	21
Commercial vehicle tax	-	10	142	(132)
Watercraft tax	87	89	74	15
Neighborhood revitalization rebate	(8,522)	(10,111)	-	(10,111)
Payments in lieu of taxes	3,429	3,566	2,300	1,266
Interest on idle funds	1,251	2,855	1,500	1,355
Miscellaneous	578	-	-	-
Total Receipts	<u>95,665</u>	<u>112,838</u>	<u>\$ 119,423</u>	<u>\$ (6,585)</u>
Expenditures				
Personal services	75,937	112,307	\$ 127,100	\$ (14,793)
Cash forward	-	-	131,900	(131,900)
Total Expenditures	<u>75,937</u>	<u>112,307</u>	<u>\$ 259,000</u>	<u>\$ (146,693)</u>
Receipts Over (Under) Expenditures	19,728	531		
Unencumbered Cash, Beginning	<u>171,268</u>	<u>190,996</u>		
Unencumbered Cash, Ending	<u>\$ 190,996</u>	<u>\$ 191,527</u>		

CITY OF WASHINGTON, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Ad valorem tax	\$ 66,561	\$ 75,733	\$ 77,528	\$ (1,795)
Delinquent tax	1,059	998	-	998
Motor vehicle tax	9,265	9,981	8,639	1,342
Recreational vehicle tax	188	225	184	41
16/20 M vehicle tax	79	75	69	6
Commercial vehicle tax	-	8	112	(104)
Watercraft tax	60	70	58	12
Neighborhood revitalization rebate	(6,722)	(7,528)	-	(7,528)
Payments in lieu of taxes	2,704	2,655	2,100	555
Interest on idle funds	709	828	600	228
Miscellaneous	15	-	-	-
Total Receipts	<u>73,918</u>	<u>83,045</u>	<u>\$ 89,290</u>	<u>\$ (6,245)</u>
Expenditures				
Personal services	36,935	44,579	\$ 56,000	\$ (11,421)
Contractual services	8,776	11,066	19,000	(7,934)
Commodities	110	108	1,200	(1,092)
Capital outlay	-	-	71,555	(71,555)
Library appropriation	20,000	-	10,000	(10,000)
Miscellaneous	-	-	-	-
Total Expenditures	<u>65,821</u>	<u>55,753</u>	<u>\$ 157,755</u>	<u>\$ (102,002)</u>
Receipts Over (Under) Expenditures	8,097	27,292		
Unencumbered Cash, Beginning	<u>122,680</u>	<u>130,777</u>		
Unencumbered Cash, Ending	<u>\$ 130,777</u>	<u>\$ 158,069</u>		

**CITY OF WASHINGTON, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State of Kansas gas tax	\$ 28,922	\$ 28,957	\$ 28,680	\$ 277
Interest on idle funds	3,174	4,608	2,600	2,008
Total Receipts	<u>32,096</u>	<u>33,565</u>	<u>\$ 31,280</u>	<u>\$ 2,285</u>
Expenditures				
Contractual services	-	-	\$ 1,000	\$ (1,000)
Commodities	29,666	74,716	59,111	15,605
Cash forward	-	-	205,668	(205,668)
Total Expenditures	<u>29,666</u>	<u>74,716</u>	<u>\$ 265,779</u>	<u>\$ (191,063)</u>
Receipts Over (Under) Expenditures	2,430	(41,151)		
Unencumbered Cash, Beginning	<u>263,300</u>	<u>265,730</u>		
Unencumbered Cash, Ending	<u>\$ 265,730</u>	<u>\$ 224,579</u>		

**CITY OF WASHINGTON, KANSAS
 SPECIAL HIGHWAY IMPROVEMENT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Interest on idle funds	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	\$ -	\$ -
Expenditures				
Contractual services	-	-	\$ -	\$ -
Transfers out	-	-	-	-
Cash forward	-	-	-	-
Total Expenditures	-	-	\$ -	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

**CITY OF WASHINGTON, KANSAS
SPECIAL LAW AND FIRE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Interest on idle funds	\$ 784	\$ 1,099	\$ 400	\$ 699
Miscellaneous	-	4,400	-	4,400
Transfers in	2,000	2,000	2,000	-
Total Receipts	<u>2,784</u>	<u>7,499</u>	<u>\$ 2,400</u>	<u>\$ 5,099</u>
Expenditures				
Commodities	-	-	\$ 2,000	\$ (2,000)
Capital outlay	-	58,613	-	58,613
Cash forward	-	-	118,675	(118,675)
Total Expenditures	<u>-</u>	<u>58,613</u>	<u>\$ 120,675</u>	<u>\$ (62,062)</u>
Receipts Over (Under) Expenditures	2,784	(51,114)		
Unencumbered Cash, Beginning	<u>118,075</u>	<u>120,859</u>		
Unencumbered Cash, Ending	<u>\$ 120,859</u>	<u>\$ 69,745</u>		

**CITY OF WASHINGTON, KANSAS
 SPECIAL PARK AND RECREATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Liquor tax	\$ 1,196	\$ 1,300	\$ 1,475	\$ (175)
Fines, forfeitures and penalties	6,439	5,356	-	5,356
Interest on idle funds	1,295	1,571	1,000	571
Miscellaneous	2,887	-	-	-
Total Receipts	<u>11,817</u>	<u>8,227</u>	<u>\$ 2,475</u>	<u>\$ 5,752</u>
Expenditures				
Commodities	13,788	-	\$ 18,500	\$ (18,500)
Contractual	-	-	-	-
Transfers out	-	-	-	-
Cash forward	-	-	111,173	(111,173)
Total Expenditures	<u>13,788</u>	<u>-</u>	<u>\$ 129,673</u>	<u>\$ (129,673)</u>
Receipts Over (Under) Expenditures	(1,971)	8,227		
Unencumbered Cash, Beginning	<u>239,331</u>	<u>237,360</u>		
Unencumbered Cash, Ending	<u>\$ 237,360</u>	<u>\$ 245,587</u>		

**CITY OF WASHINGTON, KANSAS
SPECIAL ALCOHOL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Interest on idle funds	\$ 67	\$ 160	\$ 75	\$ 85
Transfers in	-	-	-	-
Miscellaneous	3,310	1,918	-	1,918
Total Receipts	<u>3,377</u>	<u>2,078</u>	<u>\$ 75</u>	<u>\$ 2,003</u>
Expenditures				
Programs	-	-	\$ 100	\$ (100)
Cash forward	-	-	6,192	(6,192)
Total Expenditures	<u>-</u>	<u>-</u>	<u>\$ 6,292</u>	<u>\$ (6,292)</u>
Receipts Over (Under) Expenditures	3,377	2,078		
Unencumbered Cash, Beginning	<u>6,210</u>	<u>9,587</u>		
Unencumbered Cash, Ending	<u>\$ 9,587</u>	<u>\$ 11,665</u>		

**CITY OF WASHINGTON, KANSAS
MUNICIPAL EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Actual
Receipts		
Interest on idle funds	\$ 1,765	\$ 7,740
Miscellaneous	11,375	7,843
Transfers in	85,800	85,800
Total Receipts	98,940	101,383
Expenditures		
Contractual services	-	70
Capital outlay	34,503	132,091
Total Expenditures	34,503	132,161
Receipts Over (Under) Expenditures	64,437	(30,778)
Unencumbered Cash, Beginning	393,307	457,744
Unencumbered Cash, Ending	\$ 457,744	\$ 426,966

**CITY OF WASHINGTON, KANSAS
MUNICIPAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Actual
Receipts		
Local sales tax	\$ 246,831	\$ 229,782
Grants	98,187	252,286
Interest on idle funds	8,745	10,094
Transfers in	-	-
	353,763	492,162
Expenditures		
Contractual services	215,570	571,266
	215,570	571,266
Receipts Over (Under) Expenditures	138,193	(79,104)
Unencumbered Cash, Beginning	1,324,960	1,463,153
Unencumbered Cash, Ending	\$ 1,463,153	\$ 1,384,049

**CITY OF WASHINGTON, KANSAS
 AMBULANCE RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	<u>Prior Year Actual</u>	<u>Actual</u>
Receipts		
Interest on idle funds	\$ 677	\$ 510
County payments	30,000	6,000
Transfers in	-	10,000
	<u>30,677</u>	<u>16,510</u>
Total Receipts		
Expenditures		
Capital outlay	<u>2,263</u>	<u>-</u>
	<u>2,263</u>	<u>-</u>
Total Expenditures		
Receipts Over (Under) Expenditures	28,414	16,510
Unencumbered Cash, Beginning	<u>70,726</u>	<u>99,140</u>
Unencumbered Cash, Ending	<u>\$ 99,140</u>	<u>\$ 115,650</u>

**CITY OF WASHINGTON, KANSAS
 CAPITAL PROJECTS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	<u>Prior Year Actual</u>	<u>Actual</u>
Receipts		
Interest on idle funds	\$ 1,688	\$ 1,731
Grants	-	-
Transfers in	<u>35,000</u>	<u>35,000</u>
Total Receipts	<u>36,688</u>	<u>36,731</u>
Expenditures		
Contractual services	<u>80,946</u>	<u>-</u>
Total Expenditures	<u>80,946</u>	<u>-</u>
Receipts Over (Under) Expenditures	(44,258)	36,731
Unencumbered Cash, Beginning	<u>387,747</u>	<u>343,489</u>
Unencumbered Cash, Ending	<u><u>\$ 343,489</u></u>	<u><u>\$ 380,220</u></u>

CITY OF WASHINGTON, KANSAS
WATER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
User fees	\$ 347,560	\$ 360,515	\$ 365,000	\$ (4,485)
Interest on idle funds	6,548	7,756	5,000	2,756
Sale of property, refunds and other	5,771	2,129	1,000	1,129
Total Receipts	<u>359,879</u>	<u>370,400</u>	<u>\$ 371,000</u>	<u>\$ (600)</u>
Expenditures				
Personal services	58,233	62,701	\$ 74,200	\$ (11,499)
Contractual services	54,181	67,062	660,212	(593,150)
Commodities	10,566	9,810	23,250	(13,440)
Capital outlay	-	-	66,000	(66,000)
Debt service	215,162	215,162	-	215,162
Transfers out	15,800	15,800	15,800	-
Cash forward	-	-	518,995	(518,995)
Total Expenditures	<u>353,942</u>	<u>370,535</u>	<u>\$ 1,358,457</u>	<u>\$ (987,922)</u>
Receipts Over (Under) Expenditures	5,937	(135)		
Unencumbered Cash, Beginning	<u>1,326,594</u>	<u>1,332,531</u>		
Unencumbered Cash, Ending	<u>\$ 1,332,531</u>	<u>\$ 1,332,396</u>		

**CITY OF WASHINGTON, KANSAS
SEWER AND WASTE UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
User fees	\$ 267,942	\$ 402,282	\$ 190,000	\$ 212,282
Interest on idle funds	3,375	8,517	2,700	5,817
Fines, forfeitures and penalties	1,424	1,458	1,800	(342)
Total Receipts	<u>272,741</u>	<u>412,257</u>	<u>\$ 194,500</u>	<u>\$ 217,757</u>
Expenditures				
Personal services	37,561	57,827	\$ 72,300	\$ (14,473)
Contractual services	32,735	357,447	132,325	225,122
Commodities	8,403	13,369	12,600	769
Capital outlay	27,188	45,046	21,000	24,046
Transfers out	20,000	20,000	20,000	-
Cash forward	-	-	261,517	(261,517)
Total Expenditures	<u>125,887</u>	<u>493,689</u>	<u>\$ 519,742</u>	<u>\$ (26,053)</u>
Receipts Over (Under) Expenditures	146,854	(81,432)		
Unencumbered Cash, Beginning	<u>420,342</u>	<u>567,196</u>		
Unencumbered Cash, Ending	<u>\$ 567,196</u>	<u>\$ 485,764</u>		

CITY OF WASHINGTON, KANSAS
ELECTRIC UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
User fees	\$ 1,535,483	\$ 1,514,813	\$ 1,702,000	\$ (187,187)
Interest on idle funds	26,314	26,862	13,000	13,862
Sale of property and penalties	5,520	18,578	10,000	8,578
Miscellaneous	(233)	383	-	383
Fines, forfeitures and penalties	11,985	13,788	13,000	788
Total Receipts	<u>1,579,069</u>	<u>1,574,424</u>	<u>\$ 1,738,000</u>	<u>\$ (163,576)</u>
Expenditures				
Personal services	436,210	453,799	\$ 576,800	\$ (123,001)
Contractual services	940,823	887,244	1,276,175	(388,931)
Commodities	392,962	77,798	104,550	(26,752)
Capital outlay	33,320	6,063	172,000	(165,937)
Lease principal and interest	134,450	134,517	134,450	67
Transfers out	60,000	60,000	60,000	-
Cash forward	-	-	519,716	(519,716)
Total Expenditures	<u>1,997,765</u>	<u>1,619,421</u>	<u>\$ 2,843,691</u>	<u>\$ (1,224,270)</u>
Receipts Over (Under) Expenditures	(418,696)	(44,997)		
Unencumbered Cash, Beginning	<u>2,265,617</u>	<u>1,846,921</u>		
Unencumbered Cash, Ending	<u>\$ 1,846,921</u>	<u>\$ 1,801,924</u>		

**CITY OF WASHINGTON, KANSAS
 AMBULANCE UTILITY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES -ACTUAL AND BUDGET
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2024)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
User fees	\$ 106,780	\$ 110,218	\$ 120,000	\$ (9,782)
Interest on idle funds	531	1,389	500	889
Fines, forfeitures and penalties	346	157	200	(43)
State payments	-	5,750	2,500	3,250
County payments	98,425	111,304	95,000	16,304
Miscellaneous	-	-	3,000	(3,000)
Total Receipts	<u>206,082</u>	<u>228,818</u>	<u>\$ 221,200</u>	<u>\$ 7,618</u>
Expenditures				
Personal services	160,405	168,156	\$ 197,400	\$ (29,244)
Contractual services	17,926	30,621	21,575	9,046
Commodities	7,726	8,821	23,400	(14,579)
Capital outlay	-	-	250	(250)
Transfers out	-	10,000	-	10,000
Cash forward	-	-	74,755	(74,755)
Total Expenditures	<u>186,057</u>	<u>217,598</u>	<u>\$ 317,380</u>	<u>\$ (99,782)</u>
Receipts Over (Under) Expenditures	20,025	11,220		
Unencumbered Cash, Beginning	<u>117,140</u>	<u>137,165</u>		
Unencumbered Cash, Ending	<u>\$ 137,165</u>	<u>\$ 148,385</u>		

**CITY OF WASHINGTON, KANSAS
 AGENCY FUNDS
 SUMMARY OF RECEIPTS AND DISBURSEMENTS – ACTUAL
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2025**

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Electric Meter Deposit	\$ 72,112	\$ 9,150	\$ 6,740	\$ 74,522
Water Meter Deposit	14,657	3,000	1,756	15,901
Cemetery Perpetual Care	58,470	275	-	58,745
Unreimbursed Medical	-	-	-	-
Total Agency Funds	\$ 145,239	\$ 12,425	\$ 8,496	\$ 149,168

CITY OF WASHINGTON, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
WASHINGTON PUBLIC LIBRARY
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Actual
Receipts		
Fines, forfeitures and penalties	\$ 14,740	\$ 7,048
State of Kansas	298	1,679
Donation	-	-
Interest on idle funds	235	209
Appropriations	20,000	-
Total Receipts	35,273	8,936
Expenditures		
Contractual	17,855	31,478
Commodities	-	-
Capital outlay	14,416	14,166
Total Expenditures	32,271	45,644
Receipts Over (Under) Expenditures	3,002	(36,708)
Unencumbered Cash, Beginning	230,791	233,793
Unencumbered Cash, Ending	\$ 233,793	\$ 197,085



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council of the
City of Washington, Kansas

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of Washington, Kansas (the City), which comprise the Summary Statement of Receipts, Expenditures and Unencumbered Cash as of and for the year ended December 31, 2025, and the related notes to the financial statement, and have issued my report thereon dated March 11, 2026.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statement, I considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Shiplely CPA, LLC

Shiplely CPA, LLC
Topeka, Kansas
March 11, 2026