CITY OF VICTORIA, KANSAS

Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2025

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For the Year Ended December 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Victoria, Kansas
Victoria, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Victoria, Kansas**, 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 our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our 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 our 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

above+beyond
AdamsBrown, LLC

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.

Auditors' Responsibilities for the Audit of the Financial Statement

Our 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 our 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 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, we:

- 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 our 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.

We are 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 we identified during the audit.

Supplementary Information

Our 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, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2 and 3 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 our 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.

We 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 our report thereon dated December 10, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and our 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/accounts-reports/local-government/municipal-services/municipal-audits. 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 our 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.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

August 17, 2026

CITY OF VICTORIA, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Regulatory Basis Fund Types							
General Fund	$ 711,143	-	699,068	852,414	**557,797**	16,542	**574,339**
Special Purpose Funds							
Employee Benefits Fund	52,298	-	137,878	157,048	**33,128**	1,916	**35,044**
Special Highway Fund	17,053	-	30,328	9,505	**37,876**	-	**37,876**
Special Machinery Fund	78,631	-	-	-	**78,631**	-	**78,631**
Special Park and Recreation Fund	6,353	-	-	-	**6,353**	-	**6,353**
Equipment Reserve Fund	210,392	-	140,000	44,850	**305,542**	-	**305,542**
Capital Improvements Fund	1,007,426	-	100,000	99,685	**1,007,741**	-	**1,007,741**
Bond and Interest Fund							
Bond and Interest Fund	41,478	-	170,373	174,691	**37,160**	-	**37,160**
Business Funds							
Water Utility Fund	633,615	-	364,936	195,928	**802,623**	4,672	**807,295**
Sewer Utility Fund	159,420	-	145,810	83,352	**221,878**	2,123	**224,001**
Refuse Utility Fund	74,993	-	140,298	139,538	**75,753**	3,357	**79,110**
Water Project Reserve Fund	24,000	-	4,800	-	**28,800**	-	**28,800**
Total Reporting Entity (Excluding Agency Funds)	$ 3,016,802	-	1,933,491	1,757,011	**3,193,282**	28,610	**3,221,892**

Composition of Cash	Checking Accounts	$ **3,218,782**
	Money Market Account	**3,110**
	Total Cash Per Reporting Entity	**3,221,892**
	Agency Funds per Schedule 3	**-**
	Total Reporting Entity (Excluding Agency Funds)	$ **3,221,892**

The notes to the financial statement are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Victoria, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The City is a municipal corporation governed by an elected mayor and five-member council. This financial statement does not include the related municipal entity shown below. A related municipal entity is an entity established to benefit the City and/or its constituents.

Housing Authority

The City's 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. Unaudited financial statements can be obtained by contacting the housing authority's office.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2025.

Regulatory Basis Fund Types

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

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

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

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

Agency Fund – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The 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 the regulatory basis of accounting.

Reimbursements
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 of 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:

a. Preparation of the budget for the succeeding calendar year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

d. 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 not hold a revenue neutral rate hearing for this year.

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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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 City 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, trust funds, and the following special purpose funds: Special Machinery Fund, Equipment Reserve Fund, and Capital Improvements Fund.

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

City of Victoria, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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, or in an adjoining county if such institution has been designated as an official depository, 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 K.S.A. 9-1405.

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 City'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 does not use "peak periods". All deposits were legally secured at December 31, 2025.

At December 31, 2025, the City's carrying amount of deposits was $3,221,892 and the bank balance was $3,224,437. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $253,109 was covered by federal depository insurance, and $2,971,328 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City 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. The City had no investments at December 31, 2025.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Victoria, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2025 were as follows:

From	To	Regulatory Authority		Amount
General Fund	Equipment Reserve Fund	K.S.A. 12-1,117	$	140,000
General Fund	Capital Improvements Fund	K.S.A. 12-1,118		100,000
Water Utility Fund	Water Project Reserve Fund	K.S.A. 12-825d		4,800

NOTE 5 – LITIGATION

City of Victoria, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the City.

NOTE 6 – RISK MANAGEMENT

City of Victoria, Kansas is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. The City has been unable to obtain health insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other entities in the State to participate in the State Employee Health Plan (SEHP), a public entity risk pool currently operating as a common risk management and insurance program for 79,373 members. The City pays monthly premiums to the SEHP for its health insurance coverage. The agreement to participate provides that the SEHP will be self-sustaining through member premiums and will not reinsure through commercial companies. Additional premiums may be due if total claims for the pool are different than what has been anticipated by SEHP management.

Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

NOTE 7 – GRANTS AND SHARED REVENUES

City of Victoria, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 8 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City did not publish an annual financial statement, which is in violation of K.S.A. 12-1608.

NOTE 9 – DEFERRED COMPENSATION PLAN

City of Victoria, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description
City of Victoria, Kansas participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

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. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.15% of covered salary. 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, KPERS 3 and KP&F 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 KPERS and 24.67% for KP&F for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $22,533 for KPERS and $43,445 for KP&F 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 $184,571 and $358,095 for KP&F. 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.kspers.gov or can be obtained as described above

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of Victoria, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2025.

NOTE 12 – COMPENSATED ABSENCES

Vacation

City of Victoria, Kansas' policy regarding vacation is that an employee must work for a period of 1 year before any vacation is accumulated at which time the employee is then allowed 10 days. After 5 years, 1 day is accumulated for each year of service up to a maximum of 24 (192 hours for regular employees, 230 hours for police employees) days. In 2021, the Council approved to pay out up to 40 hours for regular employees and 48 hours for police employees at year-end for employees who have accumulated over 192 regular/230 police hours. Any hours over 192 regular/230 police that were not paid out at year-end were lost.

Sick Leave

The City's policy regarding sick leave is that an employee can accumulate 120 days of sick leave at 12 days a year. Any accumulation is canceled upon termination of employees with less than five years of service. All full-time employees who have completed 5 years or more of employment will be paid for sick leave on a graduated scale to a maximum of $2,400 after 26 years of employment.

NOTE 13 – LONG-TERM DEBT

City of Victoria, Kansas has the following types of long-term debt.

General Obligation Bonds

On May 18, 2021, the City issued $2,966,000 in General Obligation Bonds Series 2021 for the purpose of acquiring, constructing, reconstructing, improving or enlarging the water system.

On May 4, 2022, the City issued $1,040,000 in General Obligation Bonds Series 2022 for street improvements.

Lease Obligations
The City entered into a lease agreement for equipment. The lease contains a fiscal funding clause.

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 Paid
Finance Lease									
2023 Peterbilt Paccar PX9 330HP	5.25%	5/31/2024	$ 130,000	5/30/2029	$ 130,000	-	(35,522)	**94,478**	9,328
General Obligation Bonds									
Series 2021	1.74%	5/18/2021	2,966,000	6/1/2061	2,807,862	-	(54,614)	**2,753,248**	49,138
Series 2022	2.00%-3.70%	5/4/2022	1,040,000	9/1/2042	970,000	-	(40,000)	**930,000**	30,940
Total Contractual Indebtedness					$ 3,907,862	-	(130,136)	**3,777,726**	89,406

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

	YEAR												
	2026	2027	2028	2029	2030	2031-2035	2036-2040	2041-2045	2046-2050	2051-2055	2056-2060	2061	**Total**
Principal													
Finance Lease													
2023 Peterbilt Paccar PX9 330HP	$ 25,270	26,614	28,023	14,571	-	-	-	-	-	-	-	-	**94,478**
General Obligation Bonds													
Series 2021	55,569	56,542	57,404	58,536	59,560	313,683	342,029	373,145	406,972	443,866	484,097	101,845	**2,753,248**
Series 2022	45,000	45,000	45,000	45,000	45,000	260,000	305,000	140,000	-	-	-	-	**930,000**
Total Principal	125,839	128,156	130,427	118,107	104,560	573,683	647,029	513,145	406,972	443,866	484,097	101,845	**3,777,726**
Interest													
Finance Lease													
2023 Peterbilt Paccar PX9 330HP	4,630	3,285	1,876	379	-	-	-	-	-	-	-	-	**10,170**
General Obligation Bonds													
Series 2021	48,182	47,209	46,347	45,215	44,191	205,072	176,726	145,610	111,783	74,889	34,658	1,782	**981,664**
Series 2022	30,000	28,898	27,750	26,558	25,344	105,070	59,302	7,770	-	-	-	-	**310,692**
Total Interest	82,812	79,392	75,973	72,152	69,535	310,142	236,028	153,380	111,783	74,889	34,658	1,782	**1,302,526**
Total Principal and Interest	$ **208,651**	**207,548**	**206,400**	**190,259**	**174,095**	**883,825**	**883,057**	**666,525**	**518,755**	**518,755**	**518,755**	**103,627**	**5,080,252**

CITY OF VICTORIA, KANSAS

Regulatory-Required Supplementary Information

Schedule 1

CITY OF VICTORIA, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	**Expenditures Chargeable to Current Year**	Variance Over (Under)
Regulatory Basis Fund Types					
General Fund	$ 1,107,040	-	1,107,040	**852,414**	(254,626)
Special Purpose Funds					
Employee Benefits Fund	146,000	16,307	162,307	**157,048**	(5,259)
Special Highway Fund	66,357	-	66,357	**9,505**	(56,852)
Special Park and Recreation Fund	6,179	-	6,179	**-**	(6,179)
Bond and Interest Fund					
Bond and Interest Fund	180,692	-	180,692	**174,691**	(6,001)
Business Funds					
Water Utility Fund	419,800	-	419,800	**195,928**	(223,872)
Sewer Utility Fund	103,500	-	103,500	**83,352**	(20,148)
Refuse Utility Fund	157,000	-	157,000	**139,538**	(17,462)

CITY OF VICTORIA, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem	$ 249,639	**212,917**	213,464	(547)
Delinquent	2,911	**5,248**	-	5,248
Motor Vehicle	58,217	**38,010**	33,188	4,822
Total Taxes	310,767	**256,175**	246,652	9,523
Intergovernmental				
Local Sales and Compensating Use Tax	198,558	**187,101**	170,000	17,101
Licenses and Permits				
Zoning Fees	-	**150**	-	150
Franchise Fees	84,881	**94,869**	80,000	14,869
Licenses and Permits	3,731	**4,632**	3,000	1,632
Total Licenses and Permits	88,612	**99,651**	83,000	16,651
Fines and Forfeitures				
Fines	6	**100**	1,000	(900)
Use of Money and Property				
Interest	157,614	**132,554**	100,000	32,554
Swimming Pool	6,886	**6,156**	6,500	(344)
Miscellaneous	11,136	**17,331**	-	17,331
Total Use of Money and Property	175,636	**156,041**	106,500	49,541
Total Receipts	773,579	**699,068**	607,152	91,916
Expenditures				
General Government				
Personal Services	29,746	**51,510**	40,000	11,510
Commodities	26,104	**23,742**	45,000	(21,258)
Contractual Services	68,043	**153,295**	45,000	108,295
Capital Outlay	-	**-**	9,000	(9,000)
Total General Government	$ 123,893	**228,547**	139,000	89,547

CITY OF VICTORIA, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Police Department				
Personal Services	$ 164,552	**185,701**	190,000	(4,299)
Commodities	13,673	**17,813**	20,000	(2,187)
Contractual Services	23,407	**12,622**	25,000	(12,378)
Capital Outlay	-	**-**	10,000	(10,000)
Total Police Department	201,632	**216,136**	245,000	(28,864)
Fire Department				
Personal Services	19,676	**25,770**	20,000	5,770
Commodities	8,404	**5,976**	12,000	(6,024)
Contractual Services	15,193	**15,697**	5,000	10,697
Capital Outlay	-	**-**	27,500	(27,500)
Total Fire Department	43,273	**47,443**	64,500	(17,057)
Park Department				
Personal Services	22,851	**22,543**	25,000	(2,457)
Commodities	5,775	**6,597**	4,000	2,597
Contractual Services	9,487	**7,466**	1,500	5,966
Capital Outlay	-	**-**	3,000	(3,000)
Total Park Department	38,113	**36,606**	33,500	3,106
Street Department				
Personal Services	12,927	**12,367**	20,000	(7,633)
Commodities	12,486	**3,958**	6,000	(2,042)
Contractual Services	6,237	**10,646**	20,000	(9,354)
Capital Outlay	867	**-**	20,000	(20,000)
Total Street Department	32,517	**26,971**	66,000	(39,029)
Street Lighting				
Contractual Services	22,762	**22,305**	22,000	305
Pool Department				
Personal Services	25,173	**24,650**	30,000	(5,350)
Commodities	4,550	**4,267**	8,000	(3,733)
Contractual Services	340	**1,894**	2,500	(606)
Capital Outlay	-	**-**	2,000	(2,000)
Total Pool Department	$ 30,063	**30,811**	42,500	(11,689)

CITY OF VICTORIA, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Planning Commission				
Personal Services	$ 4,964	**2,978**	3,000	(22)
Contractual Services	1,725	**-**	500	(500)
Total Planning Commission	6,689	**2,978**	3,500	(522)
Victoria Health Facility				
Commodities	382	**376**	-	376
Contractual Services	4,548	**211**	3,000	(2,789)
Total Planning Commission	4,930	**587**	3,000	(2,413)
Herzogfest	-	**-**	1,500	(1,500)
Industrial Development	-	**30**	1,000	(970)
Senior Companion	34	**-**	4,040	(4,040)
Local School Support	-	**-**	500	(500)
Transfers Out	215,000	**240,000**	481,000	(241,000)
Total Expenditures	718,906	**852,414**	1,107,040	(254,626)
Receipts Over (Under) Expenditures	54,673	**(153,346)**		
Unencumbered Cash - Beginning	656,470	**711,143**		
Unencumbered Cash - Ending	$ 711,143	**557,797**		

CITY OF VICTORIA, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem	$ 103,875	**104,464**	104,725	(261)
Delinquent	727	**1,601**	-	1,601
Motor Vehicle	14,082	**15,506**	13,667	1,839
Reimbursements	3,580	**16,307**	-	16,307
Total Receipts	122,264	**137,878**	118,392	19,486
Expenditures				
KPERS	39,594	**53,989**	50,000	3,989
FICA	18,801	**21,602**	25,000	(3,398)
Workman's Comp	-	**-**	20,000	(20,000)
Unemployment	-	**-**	5,000	(5,000)
Health Insurance	64,003	**81,457**	46,000	35,457
(a) Adjustment for Qualifying Budget Credit	-	**-**	16,307	(16,307)
Total Expenditures	122,398	**157,048**	162,307	(5,259)
Receipts Over (Under) Expenditures	(134)	**(19,170)**		
Unencumbered Cash - Beginning	52,432	**52,298**		
Unencumbered Cash - Ending	$ 52,298	**33,128**		

(a) Adjustment for Qualifying Budget Credit

Reimbursements Over Amount Budgeted	$ 16,307

CITY OF VICTORIA, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Intergovernmental				
State Gasoline Tax	$ 30,356	**30,328**	32,790	(2,462)
Expenditures				
Personal Services	15,138	**9,505**	20,000	(10,495)
Commodities	-	**-**	6,000	(6,000)
Contractual Services	39,912	**-**	5,000	(5,000)
Capital Outlay	-	**-**	35,357	(35,357)
Total Expenditures	55,050	**9,505**	66,357	(56,852)
Receipts Over (Under) Expenditures	(24,694)	**20,823**		
Unencumbered Cash - Beginning	41,747	**17,053**		
Unencumbered Cash - Ending	$ 17,053	**37,876**		

CITY OF VICTORIA, KANSAS
Special Machinery Fund
Schedule of Receipts and Expenditures
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 Actual**
Receipts	$	-	**-**
Expenditures		-	**-**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		78,631	**78,631**
Unencumbered Cash - Ending	$	78,631	**78,631**

CITY OF VICTORIA, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Liquor Tax	$ 174	**-**	-	-
Expenditures				
Contractual Services	-	**-**	6,179	(6,179)
Receipts Over (Under) Expenditures	174	**-**		
Unencumbered Cash - Beginning	6,179	**6,353**		
Unencumbered Cash - Ending	$ 6,353	**6,353**		

CITY OF VICTORIA, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures
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 Actual**
Receipts			
Transfers In	$	100,000	**140,000**
Lease Proceeds		130,000	**-**
Insurance Proceeds		102,031	**-**
Total Receipts		332,031	**140,000**
Expenditures			
Capital Outlay		266,670	**44,850**
Receipts Over (Under) Expenditures		65,361	**95,150**
Unencumbered Cash - Beginning		145,031	**210,392**
Unencumbered Cash - Ending	$	210,392	**305,542**

CITY OF VICTORIA, KANSAS
Capital Improvements Fund
Schedule of Receipts and Expenditures
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 Actual**
Receipts			
Transfers In	$	115,000	**100,000**
Expenditures			
Capital Outlay		3,000	**99,685**
Receipts Over (Under) Expenditures		112,000	**315**
Unencumbered Cash - Beginning		895,426	**1,007,426**
Unencumbered Cash - Ending	$	1,007,426	**1,007,741**

CITY OF VICTORIA, KANSAS
NEU Award Fund (ARPA)
Schedule of Receipts and Expenditures
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 Actual**
Receipts	$ -	**-**
Expenditures		
ARPA Disbursements	70,930	**-**
Receipts Over (Under) Expenditures	(70,930)	**-**
Unencumbered Cash - Beginning	70,930	**-**
Unencumbered Cash - Ending	$ -	**-**

CITY OF VICTORIA, KANSAS
Bond and Interest 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem	$ 139,872	**142,112**	144,045	(1,933)
Delinquent	269	**1,353**	-	1,353
Motor Vehicle	220	**20,219**	18,240	1,979
Special Assessments	-	**6,689**	-	6,689
Transfers In	25,000	**-**	-	-
Total Receipts	165,361	**170,373**	162,285	8,088
Expenditures				
Principal	92,789	**94,613**	94,614	(1)
Interest	82,092	**80,078**	80,078	-
Contractual	750	**-**	1,000	(1,000)
Cash Basis Reserve	-	**-**	5,000	(5,000)
Total Expenditures	175,631	**174,691**	180,692	(6,001)
Receipts Over (Under) Expenditures	(10,270)	**(4,318)**		
Unencumbered Cash - Beginning	51,748	**41,478**		
Unencumbered Cash - Ending	$ 41,478	**37,160**		

CITY OF VICTORIA, KANSAS
Water Project Fund
Schedule of Receipts and Expenditures
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 Actual**
Receipts			
USDA Grant Proceeds	$	42,887	**-**
Expenditures			
Capital Outlay		42,887	**-**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

CITY OF VICTORIA, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Water Sales	$ 370,306	**362,601**	336,500	26,101
Water Protection Fees	-	**-**	12,000	(12,000)
Late Charges	-	**-**	2,000	(2,000)
Miscellaneous	469	**2,335**	-	2,335
Total Receipts	370,775	**364,936**	350,500	14,436
Expenditures				
Personal Services	121,818	**103,210**	140,000	(36,790)
Commodities	49,688	**46,710**	75,000	(28,290)
Contractual Services	100,954	**41,208**	100,000	(58,792)
Capital Outlay	-	**-**	100,000	(100,000)
Transfers Out	29,800	**4,800**	4,800	-
Total Expenditures	302,260	**195,928**	419,800	(223,872)
Receipts Over (Under) Expenditures	68,515	**169,008**		
Unencumbered Cash - Beginning	561,226	**633,615**		
Prior Year Cancelled Encumbrances	3,874	**-**		
Unencumbered Cash - Ending	$ 633,615	**802,623**		

CITY OF VICTORIA, KANSAS
Sewer 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Sewer Service Charges	$ 145,836	**145,659**	140,000	5,659
Miscellaneous	-	**151**	-	151
Total Receipts	145,836	**145,810**	140,000	5,810
Expenditures				
Personal Services	59,696	**59,562**	60,000	(438)
Commodities	11,211	**10,952**	20,000	(9,048)
Contractual Services	16,554	**12,838**	12,000	838
Capital Outlay	-	**-**	11,500	(11,500)
Total Expenditures	87,461	**83,352**	103,500	(20,148)
Receipts Over (Under) Expenditures	58,375	**62,458**		
Unencumbered Cash - Beginning	101,045	**159,420**		
Unencumbered Cash - Ending	$ 159,420	**221,878**		

CITY OF VICTORIA, KANSAS
Refuse 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Refuse Charges	$ 140,647	**140,298**	135,000	5,298
Expenditures				
Personal Services	75,202	**82,866**	77,000	5,866
Commodities	5,357	**4,131**	15,000	(10,869)
Contractual Services	60,923	**52,541**	65,000	(12,459)
Total Expenditures	141,482	**139,538**	157,000	(17,462)
Receipts Over (Under) Expenditures	(835)	**760**		
Unencumbered Cash - Beginning	75,828	**74,993**		
Unencumbered Cash - Ending	$ 74,993	**75,753**		

CITY OF VICTORIA, KANSAS
Water Project Reserve Fund
Schedule of Receipts and Expenditures
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 Actual**
Receipts			
Transfers In	$	4,800	**4,800**
Expenditures		-	**-**
Receipts Over (Under) Expenditures		4,800	**4,800**
Unencumbered Cash - Beginning		19,200	**24,000**
Unencumbered Cash - Ending	$	24,000	**28,800**

CITY OF VICTORIA, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Beginning Cash Balance	Receipts	Disbursements	**Ending Cash Balance**
Victoria Knights Addition RHID	$ 1,816	-	1,816	**-**