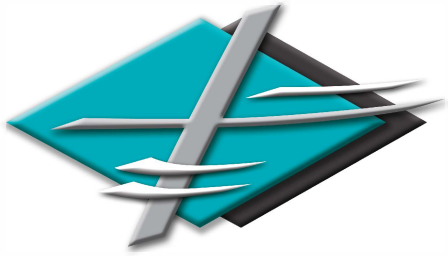
CITY OF POTWIN, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2025



LOYD GROUP, LLC

Certified Public Accountants

CITY OF POTWIN, KANSAS

CITY OF THE THIRD CLASS

For the Year Ended December 31, 2025

Heath Austin, Mayor

CITY COUNCIL

Christine McNary

Ron Parsons

Glenn Silbaugh

Chris Oberst

Tonya Taber

CITY OFFICERS

Felicia DeWeese Clerk	Mike Murphy Maintenance	Alan Joseph Attorney

CITY OF POTWIN, KANSAS

For the Year Ended December 31, 2025

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LOYD GROUP, LLC

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Galva, KS 67443
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Potwin, Kansas 67546

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Potwin, Kansas (City), a Municipal Financial Reporting Entity, 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 matter 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 Auditor's 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.

Other Matters

The prior year's financial statement for the year ended December 31, 2024, was audited by another auditor, who expressed an unmodified opinion on regulatory basis of accounting, on May 9, 2025.

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

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, expenditures-actual and budget and schedule 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.

Another auditor previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Potwin, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued their report thereon dated May 9, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and their 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. 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.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
July 2, 2026

CITY OF POTWIN, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2025

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND:						
General Fund	$ 79,023	$ 275,654	$ 286,283	$ 68,394	$ -	$ 68,394
SPECIAL PURPOSE FUNDS:						
Employee Benefits Fund	2,072	53,734	37,859	17,947	-	17,947
Library Fund	10	8,405	-	8,415	-	8,415
Special Fire Equipment Fund	39,569	8,017	2,582	45,004	-	45,004
Consolidated Street Fund	14,394	16,985	21,776	9,603	-	9,603
Municipal Equipment Fund - Fire	17,217	38,371	-	55,588	-	55,588
Municipal Equipment Fund - Other	10,075	4,263	-	14,338	-	14,338
Total Special Purpose Funds	83,337	129,775	62,217	150,895	-	150,895
BUSINESS FUNDS:						
Water Operating Fund	21,772	188,696	210,161	307	-	307
Water Operation and Maintenance Fund	384	2,192	-	2,576	-	2,576
Water O&M - Whitewater Fund	18,861	5,000	85	23,776	-	23,776
Refuse Utility Fund	13,329	41,472	47,648	7,153	-	7,153
Sewer Operating Fund	20,360	48,449	59,957	8,852	-	8,852
Sewer Reserve Fund	374	-	-	374	-	374
Sewer Replacement Reserve Fund	7,442	672	-	8,114	-	8,114
Total Business Funds	82,522	286,481	317,851	51,152	-	51,152
TRUST FUND:						
Community House Gift Fund	3,552	548	2,194	1,906	-	1,906
Total Reporting Entity (Excluding Agency Funds)	$ 248,434	$ 692,458	$ 668,545	$ 272,347	$ -	$ 272,347

COMPOSITION OF CASH:	
Checking Accounts - Emprise Bank	$ 184,826
Certificate of Deposits - Emprise Bank	87,521
Total Reporting Entity	$ 272,347

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

CITY OF POTWIN, KANSAS

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Municipal Financial Reporting Entity

The City of Potwin is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents the City of Potwin (the municipality) and does not include any related municipal entities.

(b) 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 regulatory receipt 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 acquisition or construction of major capital facilities or equipment.

Business Fund – 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.).

Trust Fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

(c) 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 the regulatory basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) 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 the budget for the succeeding calendar year on or before August 1st.
2) Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
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 municipality is holding a revenue neutral rate hearing, the public hearing shall be 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 municipality did 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 regulatory receipts 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 budget amendments for the year 2025.

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 statements 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 regulatory receipts 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, Agency Funds, Trust Funds and certain Special Purpose Funds as noted in the presentation of the appropriate Schedule 2.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

K.S.A. 12-1608 requires thrid class cities to publish an annual treasurer's report showing, by fund, beginning and ending balances, receipts, and expenditures, along with obligations/liability information. The City failed to publish the annual treasurer's report for the year ended December 31, 2025.

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, 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. Effective January 1, 2026, K.S.A. 9-1402 authorizes financial institutions to secure deposits of public moneys of governmental units throught he Kansas Collateral Pool (public moneys pooled method as defined by 2025 Senate Substitute for House Bill 2152). 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.

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. All deposits were legally secured at December 31, 2025.

At December 31, 2025, the City's carrying amount of deposits was $272,347 and the bank balance was $280,084. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and the remaining $30,084 was collateralized with securities held by the pledging financial institutions' agents in the Municipality's name. The City had excess pledged securities in the amount of $56,405.

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.

4. LONG-TERM DEBT

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
KDHE Loans									
Public Water Supply	3.77%	10/12/2004	$ 145,000	8/01/2025	$ 10,102	$ -	$ 10,102	$ -	$ 287
Water Pollution Control	2.79%	2/25/2004	173,288	9/01/2025	9,868	-	9,868	-	391
Total KDHE Loans					19,970	-	19,970	-	678
Firefighters Relief Association Loan									
Firefighters Equipment	1.00%	6/10/2020	23,000	6/10/2030	14,074	-	2,288	11,786	141
Total Contractual Indebtedness					$ 34,044	$ -	$ 22,258	$ 11,786	$ 819

4. LONG-TERM DEBT (CONT.)

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	Total
Principal:						
Firefighters Relief Association Loan - Firefighters Equipment	$ 2,310	$ 2,334	$ 2,357	$ 2,381	$ 2,404	$ 11,786
Interest:						
Firefighters Relief Association Loan - Firefighters Equipment	118	95	71	48	24	356
Total Principal and Interest	$ 2,428	$ 2,429	$ 2,428	$ 2,429	$ 2,428	$ 12,142

5. 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 K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 South 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 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 and 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 KPERS for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $8,833 for KPERS 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 $76,842. 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 these 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.

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(a) Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City 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.

(b) Death and Disability Other Post Employment Benefits

K.S.A. 74-4927, disabled members in 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.

(c) Other Employee Benefits

Vacation – Must be used during the year and may not be accumulated or carried forward to subsequent years.

Each permanent full-time employee will accrue vacation leave as follows:

Year of Service	Per Year
After 1 year	40 working hours
After 2 years	80 working hours
After 10 years	120 working hours

Amount of sick leave – Full-time employees earn ten days of paid sick leave per year, cumulative to thirty days at full pay and thirty days at half pay. On termination of employment an employee shall not be paid for accumulated sick leave.

7. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, the grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2024 to 2025 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

8. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Municipal Equipment Fund - Other	K.S.A. 12-1, 119	$ 4,263
General Fund	Municipal Equipment Fund - Fire	K.S.A. 10-117a	481
Water Operating Fund	Water Operation and Maintenance Fund	K.S.A. 12-1,119	2,192
Water Operating Fund	Water O&M - Whitewater Fund	K.S.A. 12-825d	5,000
Refuse Utility Fund	Consolidated Street Fund	K.S.A. 12-1,119	4,155
Sewer Operating Fund	Sewer Replacement Reserve Fund	K.S.A. 12-631o	672
Refuse Utility Fund	Water Operating Fund	K.S.A. 12-825d	7,000
Sewer Operating Fund	Water Operating Fund	K.S.A. 12-825d	20,000
Total			$ 43,763

9. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures (excluding principal and interest, legal fees, etc.) from inception are as follows:

	Project Authorization	Expenditures to Date
Water Tower Project	$ 345,419	$ 23,345

10. SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

CITY OF POTWIN, KANSAS

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2025

CITY OF POTWIN, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2025

	Certified Budget	Adjustment for for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
GENERAL FUND:					
General Fund	$ 312,265	$ -	$ 312,265	$ 286,283	$ (25,982)
SPECIAL PURPOSE FUNDS:					
Employee Benefits Fund	58,000	-	58,000	37,859	(20,141)
Library Fund	8,350	-	8,350	-	(8,350)
Special Fire Equipment Fund	16,600	-	16,600	2,582	(14,018)
Consolidated Street Fund	85,000	-	85,000	21,776	(63,224)
BUSINESS FUNDS:					
Water Operating Fund	698,000	-	698,000	210,161	(487,839)
Refuse Utility Fund	50,000	-	50,000	47,648	(2,352)
Sewer Operating Fund	80,000	-	80,000	59,957	(20,043)

CITY OF POTWIN, 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)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes -				
Ad valorem property tax	$ 90,301	$ 87,887	$ 94,725	$ (6,838)
Delinquent tax	7,793	6,455	3,000	3,455
Motor vehicle tax	17,465	15,916	15,307	609
Local sales tax	34,833	48,382	30,000	18,382
Total Taxes	150,392	158,640	143,032	15,608
Licenses and Permits -				
Utility franchise fees	26,062	26,461	24,000	2,461
Licenses and permits	943	666	500	166
Total Licenses and Permits	27,005	27,127	24,500	2,627
Use of Money and Property -				
Interest received	835	1,760	-	1,760
Other -				
Fire contracts	82,201	60,292	77,000	(16,708)
Miscellaneous	4,417	6,453	-	6,453
Community house rent	670	500	500	-
CDBG Water Tower	-	3,115	-	3,115
Watermelon fest	-	4,214	-	4,214
Reimbursements	4,217	10,150	14,000	(3,850)
State setoff	-	425	-	425
Library payroll	-	2,152	-	2,152
Library reimbursements	-	826	-	826
Total Other	91,505	88,127	91,500	(3,373)
Total Receipts	269,737	275,654	$ 259,032	$ 16,622

CITY OF POTWIN, 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)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
Administrative -				
Personal services	$ 54,290	$ 44,928	$ 63,500	$ (18,572)
Contractual services	48,715	68,390	67,500	890
Commodities	15,526	26,722	14,575	12,147
Capital outlay	2,853	6,413	-	6,413
Police protection	25,946	27,761	27,000	761
Total Administrative	147,330	174,214	172,575	1,639
Cultural and Recreational -				
Community house	13,569	18,687	8,000	10,687
Scout house	105	-	300	(300)
Library	537	2,940	15,000	(12,060)
Commodities	-	-	3,700	(3,700)
Total Cultural and Recreational	14,211	21,627	27,000	(5,373)
Parks -				
Commodities	5,339	1,077	-	1,077
Fire -				
Contractual services	21,760	41,505	8,000	33,505
Commodities	-	-	5,000	(5,000)
Capital outlay	3,625	2,174	54,000	(51,826)
Total Fire	25,385	43,679	67,000	(23,321)

CITY OF POTWIN, 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)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Expenditures (cont.)				
Other -				
Street lights	$ 9,206	$ 9,187	$ 10,000	$ (813)
Municipal court	518	-	-	-
Audit	9,775	9,835	-	9,835
Library payroll	-	5,671	-	5,671
Transfer to Special Fire Equipment Fund	28,408	-	-	-
Transfer to Consolidated Street Fund	16,816	-	25,000	(25,000)
Transfer to Municipal Equipment Fund - Fire	28,408	481	5,000	(4,519)
Transfer to Municipal Equipment Fund - Other	-	4,263	-	4,263
Miscellaneous	1,050	16,249	-	16,249
Cash forward	-	-	5,690	(5,690)
Total Other	94,181	45,686	45,690	(4)
Total Expenditures	286,446	286,283	$ 312,265	$ (25,982)
Receipts Over (Under) Expenditures	(16,709)	(10,629)		
Unencumbered Cash, Beginning	95,732	79,023		
Unencumbered Cash, Ending	$ 79,023	$ 68,394		

CITY OF POTWIN, KANSAS

SPECIAL PURPOSE FUND

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)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 35,941	$ 45,228	$ 48,746	$ (3,518)
Delinquent tax	2,339	2,235	1,200	1,035
Motor vehicle tax	4,990	6,271	6,094	177
Total Receipts	43,270	53,734	$ 56,040	$ (2,306)
Expenditures				
FICA and Medicare	-	-	$ 7,500	$ (7,500)
KPERS	10,919	7,934	11,500	(3,566)
Health insurance	32,081	29,925	39,000	(9,075)
Total Expenditures	43,000	37,859	$ 58,000	$ (20,141)
Receipts Over (Under) Expenditures	270	15,875		
Unencumbered Cash, Beginning	1,802	2,072		
Unencumbered Cash, Ending	$ 2,072	$ 17,947		

CITY OF POTWIN, KANSAS

SPECIAL PURPOSE FUND

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)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 6,244	$ 6,889	$ 7,424	$ (535)
Delinquent tax	483	421	150	271
Motor vehicle tax	1,055	1,095	1,058	37
Total Receipts	7,782	8,405	$ 8,632	$ (227)
Expenditures				
Appropriation to Library Board	7,782	-	$ 8,350	$ (8,350)
Receipts Over (Under) Expenditures	-	8,405		
Unencumbered Cash, Beginning	10	10		
Unencumbered Cash, Ending	$ 10	$ 8,415		

CITY OF POTEIN, KANSAS

SPECIAL PURPOSE FUND

SPECIAL FIRE EQUIPMENT 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)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 10,089	$ 4,160	$ 4,482	$ (322)
Delinquent tax	455	526	200	326
Motor vehicle tax	795	1,740	1,709	31
Transfer from General Fund	28,408	-	-	-
Other	-	1,591	-	1,591
Total Receipts	39,747	8,017	$ 6,391	$ 1,626
Expenditures				
Contractual	-	-	$ 2,500	$ (2,500)
Capital outlay	9,898	2,582	14,100	(11,518)
Total Expenditures	9,898	2,582	$ 16,600	$ (14,018)
Receipts Over (Under) Expenditures	29,849	5,435		
Unencumbered Cash, Beginning	9,720	39,569		
Unencumbered Cash, Ending	$ 39,569	$ 45,004		

CITY OF POTWIN, KANSAS

SPECIAL PURPOSE FUND

CONSOLIDATED STREET 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)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
State of Kansas	$ 11,458	$ 11,290	$ 11,820	$ (530)
Special highway tax	1,731	1,540	1,830	(290)
Transfer from General Fund	16,816	-	25,000	(25,000)
Transfer from Water Operating Fund	10,000	-	10,000	(10,000)
Transfer from Refuse Utility Fund	4,348	4,155	5,000	(845)
Transfer from Sewer Operating Fund	-	-	10,000	(10,000)
Total Receipts	44,353	16,985	$ 63,650	$ (46,665)
Expenditures				
Contractual	40,427	21,144	$ -	$ 21,144
Commodities	7,446	632	85,000	(84,368)
Total Expenditures	47,873	21,776	$ 85,000	$ (63,224)
Receipts Over (Under) Expenditures	(3,520)	(4,791)		
Unencumbered Cash, Beginning	17,914	14,394		
Unencumbered Cash, Ending	$ 14,394	$ 9,603		

CITY OF POTWIN, KANSAS

SPECIAL PURPOSE FUND

MUNICIPAL EQUIPMENT FUND - FIRE

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)

	2024 Actual	2025 Actual
Receipts		
Donations	$ -	$ 33,000
Federal aid	-	4,890
Transfer from General Fund	28,408	481
Total Receipts	28,408	38,371
Expenditures		
Capital outlay	17,820	-
Receipts Over (Under) Expenditures	10,588	38,371
Unencumbered Cash, Beginning	6,629	17,217
Unencumbered Cash, Ending	$ 17,217	$ 55,588

CITY OF POTWIN, KANSAS

SPECIAL PURPOSE FUND

MUNICIPAL EQUIPMENT FUND - OTHER

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)

	2024 Actual	2025 Actual
Receipts		
Transfer from General Fund	$ -	$ 4,263
Expenditures		
Capital outlay	-	-
Receipts Over (Under) Expenditures	-	4,263
Unencumbered Cash, Beginning	10,075	10,075
Unencumbered Cash, Ending	$ 10,075	$ 14,338

CITY OF POTWIN, KANSAS

BUSINESS FUND

WATER OPERATING 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)

		2025		
	2024	Actual	Budget	Variance - Over (Under)
Receipts				
Water sales - resident	$ 106,298	$ 104,493	$ 125,000	$ (20,507)
Water sales - Whitewater	53,584	47,588	60,000	(12,412)
Penalties and taxes	3,945	264	3,700	(3,436)
Connect fees	675	90	750	(660)
City of Whitewater fee	13,453	1,169	12,700	(11,531)
Reimbursements	-	8,092	-	8,092
Grant	-	-	500,000	(500,000)
Transfer from Sewer Operating Fund	-	20,000	-	20,000
Transfer from Refuse Utility Fund	-	7,000	-	7,000
Total Receipts	177,955	188,696	$ 702,150	$ (513,454)
Expenditures				
Personal services	36,494	35,594	$ 27,500	$ 8,094
Contractual services	15,789	40,008	15,000	25,008
Commodities	7,472	2,240	15,000	(12,760)
Capital outlay	-	-	500,000	(500,000)
Utilities	3,450	3,430	-	3,430
Miscellaneous	1,984	599	-	599
Purchase of water	87,357	100,450	110,000	(9,550)
KDHE revolving loan	10,389	20,648	10,500	10,148
Transfer to Consolidated Street Fund	10,000	-	10,000	(10,000)
Transfer to Municipal Equipment Fund	-	-	5,000	(5,000)
Transfer to Water Operation and Maintenance Fund	-	2,192	-	2,192
Transfer to Water O&M - Whitewater Fund	5,000	5,000	5,000	-
Total Expenditures	177,935	210,161	$ 698,000	$ (487,839)
Receipts Over (Under) Expenditures	20	(21,465)		
Unencumbered Cash, Beginning	21,752	21,772		
Unencumbered Cash, Ending	$ 21,772	$ 307		

CITY OF POTWIN, KANSAS

BUSINESS FUND

WATER OPERATION AND MAINTENANCE 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)

	2024 Actual	2025 Actual
Receipts		
Transfer from Water Operating Fund	$ -	$ 2,192
Expenditures		
Capital outlay	-	-
Receipts Over (Under) Expenditures	-	2,192
Unencumbered Cash, Beginning	384	384
Unencumbered Cash, Ending	$ 384	$ 2,576

CITY OF POTWIN, KANSAS

BUSINESS FUND

WATER O&M - WHITEWATER 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)

	2024 Actual	2025 Actual
Receipts		
Transfer from Water Operating Fund	$ 5,000	$ 5,000
Expenditures		
Capital outlay	6,145	85
Receipts Over (Under) Expenditures	(1,145)	4,915
Unencumbered Cash, Beginning	20,006	18,861
Unencumbered Cash, Ending	$ 18,861	$ 23,776

CITY OF POTWIN, KANSAS

BUSINESS FUND

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)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Service fees	$ 37,105	$ 41,338	$ 47,500	$ (6,162)
Miscellaneous	1,931	134	-	134
Total Receipts	39,036	41,472	$ 47,500	$ (6,028)
Expenditures				
Personal services	-	4,025	$ -	$ 4,025
Contractual services	32,962	30,616	35,000	(4,384)
Commodities	2,734	1,852	5,000	(3,148)
Transfer to Water Operating Fund	-	7,000	-	7,000
Transfer to Consolidated Street Fund	4,348	4,155	10,000	(5,845)
Total Expenditures	40,044	47,648	$ 50,000	$ (2,352)
Receipts Over (Under) Expenditures	(1,008)	(6,176)		
Unencumbered Cash, Beginning	14,337	13,329		
Unencumbered Cash, Ending	$ 13,329	$ 7,153		

CITY OF POTWIN, KANSAS

BUSINESS FUND

SEWER OPERATING 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)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Service fees	$ 47,996	$ 48,449	$ 70,000	$ (21,551)
Miscellaneous	33	-	-	-
Total Receipts	48,029	48,449	$ 70,000	$ (21,551)
Expenditures				
Personal services	22,833	23,573	$ 27,500	$ (3,927)
Contractual services	8,156	10,794	16,200	(5,406)
Commodities	2,862	1,997	15,553	(13,556)
Utilities	2,191	2,921	-	2,921
KDHE loan	10,075	-	10,075	(10,075)
Transfer to Consolidated Street Fund	-	-	10,000	(10,000)
Transfer to Water Operating Fund	-	20,000	-	20,000
Transfer to Sewer Replacement Reserve Fund	672	672	672	-
Total Expenditures	46,789	59,957	$ 80,000	$ (20,043)
Receipts Over (Under) Expenditures	1,240	(11,508)		
Unencumbered Cash, Beginning	19,120	20,360		
Unencumbered Cash, Ending	$ 20,360	$ 8,852		

CITY OF POTWIN, KANSAS

BUSINESS FUND

SEWER 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)

	2024 Actual	2025 Actual
Receipts		
Transfer from Sewer Operating Fund	$ -	$ -
Expenditures		
Capital outlay	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	374	374
Unencumbered Cash, Ending	$ 374	$ 374

CITY OF POTWIN, KANSAS

BUSINESS FUND

SEWER REPLACEMENT 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)

	2024 Actual	2025 Actual
Receipts		
Transfer from Sewer Operating Fund	$ 672	$ 672
Expenditures		
Capital outlay	-	-
Receipts Over (Under) Expenditures	672	672
Unencumbered Cash, Beginning	6,770	7,442
Unencumbered Cash, Ending	$ 7,442	$ 8,114

CITY OF POTWIN, KANSAS

TRUST FUND

COMMUNITY HOUSE GIFT 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)

	2024 Actual	2025 Actual
Receipts		
Contributions	$ 5,424	$ 548
Expenditures		
Commodities	3,671	2,194
Receipts Over (Under) Expenditures	1,753	(1,646)
Unencumbered Cash, Beginning	1,799	3,552
Unencumbered Cash, Ending	$ 3,552	$ 1,906