CITY OF SPEARVILLE, KANSAS

FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Spearville, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Spearville, 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 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 of Spearville, Kansas, 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 balances of the City of Spearville, Kansas, 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 A.

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 of Spearville, Kansas 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 A of the financial statement, the financial statement is prepared by the City of Spearville, Kansas 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; 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 of Spearville, Kansas' 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 judgement 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 of Spearville, Kansas' 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 of Spearville, Kansas' 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 (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures, 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 A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Spearville, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated August 1, 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 website 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 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 A.

Kennedy McKee & Company LLP

September 8, 2026

CITY OF SPEARVILLE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended December 31, 2025

Fund	Beginning unencumbered cash balance	Prior year canceled encumbrances
General fund	$ 619,658	$ -
Special purpose funds:		
Special street	5,024	-
Capital improvement	734,301	-
Crime stoppers	1,434	-
Community development	7,270	-
Woodbury trust	19,466	-
Laudick estate	7,620	-
Tom Feist Foundation	502,216	-
Equipment reserve	207,894	-
Grants	10,000	-
Total special purpose funds	1,495,225	-
Bond and interest funds:		
Bond and interest	73,213	-
Public Building Commission bond and interest	119	-
Total bond and interest funds	73,332	-
Business funds:		
Gas utility	166,131	-
Water utility	508,131	-
Sewer utility	23,994	-
Sanitation utility	37,283	-
Gas utility reserve	135,000	-
Water capital outlay	635,748	-
Total business funds	1,506,287	-
Total - excluding agency funds	$ 3,694,502	$ -
Composition of cash balance:		
Checking accounts		
Federated Government Obligation fund		
Savings accounts		
Certificates of deposit		
Petty cash		
Total cash		
Agency funds		
Total cash - excluding agency funds		

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

STATEMENT 1

Receipts	Expenditures	Ending unencumbered cash balance	Add encumbrances and accounts payable	Ending cash balance
$ 502,105	$ 603,306	$ 518,457	$ 6,615	$ 525,072
62,618	20,818	46,824	-	46,824
194,910	181,816	747,395	-	747,395
43	-	1,477	-	1,477
2,176	9,193	253	-	253
520	-	19,986	-	19,986
96	7,716	-	-	-
425,637	685,833	242,020	2,297	244,317
140,000	-	347,894	-	347,894
-	7,429	2,571	-	2,571
826,000	912,805	1,408,420	2,297	1,410,717
8,722	7,043	74,892	-	74,892
135,574	135,600	93	-	93
144,296	142,643	74,985	-	74,985
286,436	341,030	111,537	12,514	124,051
219,838	299,642	428,327	8,014	436,341
100,937	90,438	34,493	5,653	40,146
113,025	100,000	50,308	-	50,308
-	44,576	90,424	-	90,424
108,042	70,675	673,115	-	673,115
828,278	946,361	1,388,204	26,181	1,414,385
$ 2,300,679	$ 2,605,115	$ 3,390,066	$ 35,093	$ 3,425,159

	$ 2,178,613
	93
	1,238,179
	13,786
	100
	3,430,771
	(5,612)
	$ 3,425,159

CITY OF SPEARVILLE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2025

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Spearville is a municipal corporation governed by an elected mayor and five-member council. This regulatory financial statement presents the City of Spearville (the municipality) and the Public Building Commission (part of the municipality).

Public Building Commission. The City of Spearville, Kansas, pursuant to Ordinance No. 703-A, has created the City of Spearville, Kansas Public Building Commission (PBC), a municipal corporation of the State of Kansas whereas the PBC has been granted the authority to function as a public building commission pursuant to the authority of K.S.A. 12-1757 et seq. For financial reporting, the activities of the Public Building Commission are accounted for within a bond and interest fund.

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

Business funds – funds financed in whole or in part by fees charged to users of the goods or services.

Agency funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. 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 ten days after publication of notice of hearing.

d. Adoption of the final budget on or before August 25th.

If the municipality 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 municipality did not hold a revenue neutral rate hearing 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 this year.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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 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 utility reserve funds, agency funds, or the Capital Improvement, Crime Stoppers, Community Development, Woodbury Trust, Laudick Estate, Tom Feist Foundation, Equipment Reserve, and Grants special purpose funds.

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.

B. 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 to 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 through the 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.

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.

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.

B. DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2025 the carrying amount of the City's deposits, including certificates of deposit, was $3,430,771 and the bank balance was $3,597,681. Of the bank balance, $1,000,000 was covered by federal depository insurance and $2,597,681 was collateralized with securities held by the pledging financial institutions agents in the City's name.

C. LONG-TERM DEBT

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

Issue	Balance beginning of year	Additions	Reductions/ net change	Balance end of year	Interest paid
General obligation bonds:					
Street Improvements					
Issued July 31, 2017					
In the amount of $78,000					
At interest rate of 4.25%					
Maturing September 1, 2032	$ 48,000	$ -	$ 5,000	$ 43,000	$ 2,040
Water Improvements Refunding					
Issued October 14, 2020					
In the amount of $1,210,000					
At interest rate of 0.90 - 3.00%					
Maturing October 1, 2043	1,015,000	-	50,000	965,000	20,675
Total GO bonds	1,063,000	-	55,000	1,008,000	22,715
Revenue bonds:					
Spearville PBC Revenue Bonds					
Series 2022					
Issued October 5, 2022					
In the amount of $1,500,000					
At interest rate of 4.00%					
Maturing September 1, 2037	1,340,000	-	80,000	1,260,000	53,600
Weather event loan:					
City Utility Low-Interest Loan					
Issued March 23, 2021					
In the amount of $250,000					
At variable interest rate of 2.68%					
Maturing January 1, 2026	51,468	-	51,468	-	824
Total long-term debt	$2,454,468	$ -	$ 186,468	$2,268,000	$ 77,139

Current maturities of general obligation bonds and interest for the next five years and in five-year increments through maturity are as follows:

	Principal due	Interest due	Total due
2026	$ 55,000	$ 22,052	$ 77,052
2027	56,000	21,265	77,265
2028	56,000	20,435	76,435
2029	56,000	19,480	75,480
2030	56,000	18,525	74,525
2031-2035	264,000	76,567	340,567
2036-2040	280,000	48,587	328,587
2041-2045	185,000	11,100	196,100
Total	$ 1,008,000	$ 238,011	$ 1,246,011

C. LONG-TERM DEBT (CONTINUED)

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

	Principal due	Interest due	Total due
2026	$ 85,000	$ 50,400	$ 135,400
2027	85,000	47,000	132,000
2028	90,000	43,600	133,000
2029	95,000	40,000	135,000
2030	100,000	36,200	136,200
2031-2035	550,000	119,000	669,000
2036-2038	255,000	15,400	270,400
Total	$ 1,260,000	$ 351,600	$ 1,611,000

The revenue bond payments are made by the PBC solely from the rentals received from Unified School District #381 and the Spearville Recreation Commission.

D. CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City nor the State, or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in this financial statement.

As of December 31, 2025, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $5,304,192.

E. INTERFUND TRANSACTIONS

Operating transfers were as follows:

From	To	Statutory authority	Amount
General	Special street	K.S.A. 12-1,119	$ 40,000
General	Capital improvement	K.S.A. 12-1,118	122,384
General	Equipment reserve	K.S.A. 12-1,117	75,000
Gas utility	Equipment reserve	K.S.A. 12-825d	15,000
Water utility	Capital improvement	K.S.A. 12-825d	50,000
Water utility	Water capital outlay	K.S.A. 12-825d	29,160
Water utility	Equipment reserve	K.S.A. 12-825d	50,000
			$ 381,544

F. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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 the 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.

Death and disability other post-employment benefits. 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 was set at 1% and contributions were $1,903 for the year ended December 31, 2025.

Paid time off benefits. Effective for the year ended December 31, 2025, all full-time employees are eligible to receive paid time off based on their years of employment. An employee can carry unused paid time off at the end of the calendar year and place it into either their paid time off bank or family medical leave bank (FMLA). The paid time off bank can accumulate a maximum of 10 days and this is payable upon the employee's separation. The FMLA bank can accumulate a maximum of 15 days that is not paid upon separation.

G. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The City purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There has been no reduction in coverage from the prior year and settlements have not exceeded coverage in the past three years.

H. DEFINED BENEFIT PENSION PLAN

General Information About the 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 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. Member contributions are withheld by the City and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

H. DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% for the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $21,926 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 $189,121. 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 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.

I. JOINT VENTURES

In March 2022, the City of Spearville, pursuant to Ordinance No 703-A, created the City of Spearville, Kansas Public Building Commission (PBC). The governing body of the PBC adopted Resolution No. 2022-4 on September 14, 2022, authorizing the Issuer to (1) issue the City of Spearville, Kansas Public Building Commission Revenue Bonds, Series 2022 (Unified School District No. 381 (the District)/Spearville Recreation Commission (the Commission) Project) (the "Series 2022 Bonds") in the amount of $1,500,000 for the purpose of providing a portion of the funds necessary to construct, furnish and equip a new swimming pool and all improvements related thereto (the "Facility"); (2) enter into an Indenture, with Security Bank of Kansas City for the purpose of issuing and securing the Series 2022 Bonds (the Bonds), as therein provided, and (3) enter into the lease with the District, dated October 5, 2022 herewith (the "Lease"), pursuant to which the Issuer will cause the proceeds of the Series 2022 Bonds to be used to construct the Facility and will lease the Project to the District in consideration of rental payments which are to be sufficient, during any term of the Lease, to pay the principal of, redemption premium, if any, and interest on the Bonds as the same become due.

The District adopted Resolution No. 523 on August 8, 2022, which resolution: (a) authorized the District to enter into the Lease; and (b) authorized the District, as sublessor, to enter into this sublease with the Commission, as sublessee, pursuant to which the District will sublease the Project to the Commission. The Bonds of the PBC are payable from the rentals received by the PBC from the Commission per a sublease agreement entered into with the District.

J. CAPTIAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project authorization	Cash disbursements and accounts payable to date
Stafford & Davis Street Improvements	$ 131,725	$ 131,725
Waterline Improvements MES	463,921	440,725
McVey ADA Curb and Guttering	86,665	86,665
2025 Waterline Improvement	877,845	636,218
Waterline Improvements - Hall & Park	120,000	70,535
	$ 1,680,156	$ 1,365,868

As of December 31, 2025, the City received a local grant of $900,000 to be used towards the waterline improvement project.

K. SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through September 8, 2026 and does not believe any events have occurred which affect the financial statement as presented.

REGULATORY–REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

CITY OF SPEARVILLE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2025

Fund	Certified budget	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General fund	$ 653,000	$ -	$ 653,000	$ 603,306	$ 49,694
Special purpose fund:					
Special street	61,210	-	61,210	20,818	40,392
Bond and interest funds:					
Bond and interest	73,467	-	73,467	7,043	66,424
Public Building Commission bond and interest	136,600	-	136,600	135,600	1,000
Business funds:					
Gas utility	570,000	-	570,000	341,030	228,970
Water utility	530,000	-	530,000	299,642	230,358
Sewer utility	107,500	-	107,500	90,438	17,062
Sanitation utility	100,000	-	100,000	100,000	-
Total	$ 2,231,777	$ -	$ 2,231,777	$ 1,597,877	$ 633,900

See Independent Auditor's Report.

CITY OF SPEARVILLE, 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	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 176,288	$ 165,749	$ 165,785	$ (36)
Delinquent tax	2,123	2,353	925	1,428
Motor vehicle tax	35,786	33,428	29,387	4,041
Recreational vehicle tax	422	386	742	(356)
16/20M truck tax	-	-	598	(598)
Commercial vehicle tax	4,888	5,218	-	5,218
Sales tax	143,075	145,829	90,000	55,829
Licenses and permits	2,983	4,903	2,000	2,903
Fines	5,098	2,093	1,000	1,093
Charges for services	3,357	-	1,500	(1,500)
Franchise fees	39,250	39,617	30,000	9,617
Interest	99,803	95,902	45,000	50,902
Miscellaneous	10,568	6,627	5,000	1,627
Total receipts	523,641	502,105	$ 371,937	$ 130,168
Expenditures:				
General government	122,538	152,216	$ 223,000	$ 70,784
Public safety	149,212	154,979	190,000	35,021
Highways and streets	60,454	58,727	50,000	(8,727)
Transfer to capital improvement	47,215	122,384	75,000	(47,384)
Transfer to equipment reserve	50,000	75,000	75,000	-
Transfer to special street	-	40,000	40,000	-
Total expenditures	429,419	603,306	$ 653,000	$ 49,694
Receipts over (under) expenditures	94,222	(101,201)		
Unencumbered cash, beginning of year	525,436	619,658	$ 281,063	$ 338,595
Unencumbered cash, end of year	$ 619,658	$ 518,457		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

SPECIAL 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	Budget	Variance favorable (unfavorable)
Receipts:				
Gasoline tax	$ 21,363	$ 21,168	$ 21,210	$ (42)
Charges for services	-	1,450	-	1,450
Transfer from general	-	40,000	40,000	-
Total receipts	21,363	62,618	$ 61,210	$ 1,408
Expenditures:				
Street maintenance	19,774	20,818	$ 61,210	$ 40,392
Receipts over (under) expenditures	1,589	41,800		
Unencumbered cash, beginning of year	3,435	5,024	$ -	$ 5,024
Unencumbered cash, end of year	$ 5,024	$ 46,824		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

CAPITAL IMPROVEMENT 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)

	2024	2025
Receipts:		
Transfer from general	$ 47,215	$ 122,384
Transfer from water utility	-	50,000
Interest	26,816	22,526
Total receipts	74,031	194,910
Expenditures		
Capital outlay	-	181,816
Receipts over (under) expenditures	74,031	13,094
Unencumbered cash, beginning of year	660,270	734,301
Unencumbered cash, end of year	$ 734,301	$ 747,395

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

CRIME STOPPERS 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)

	2024	2025
Receipts:		
Interest and donations	$ 55	$ 43
Expenditures	-	-
Receipts over (under) expenditures	55	43
Unencumbered cash, beginning of year	1,379	1,434
Unencumbered cash, end of year	$ 1,434	$ 1,477

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

COMMUNITY DEVELOPMENT 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)

	2024	2025
Receipts:		
Loan principal	$ 2,347	$ 2,132
Interest	13,672	44
Total receipts	16,019	2,176
Expenditures:		
Administrative	29	-
Return funds to State	384,772	9,193
Total expenditures	384,801	9,193
Receipts over (under) expenditures	(368,782)	(7,017)
Unencumbered cash, beginning of year	376,052	7,270
Unencumbered cash, end of year	$ 7,270	$ 253

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

WOODBURY TRUST 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)

	2024	2025
Receipts:		
Interest	$ 571	$ 520
Expenditures:		
Donations	-	-
Receipts over (under) expenditures	571	520
Unencumbered cash, beginning of year	18,895	19,466
Unencumbered cash, end of year	$ 19,466	$ 19,986

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

LAUDICK ESTATE 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)

	2024	2025
Receipts:		
Interest	$ 1,602	$ 96
Expenditures:		
Debt service:		
Principal	50,052	7,440
Interest	2,504	276
Total expenditures	52,556	7,716
Receipts over (under) expenditures	(50,954)	(7,620)
Unencumbered cash, beginning of year	58,574	7,620
Unencumbered cash, end of year	$ 7,620	$ -

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

TOM FEIST FOUNDATION 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)

	2024	2025
Receipts:		
Donations	$ 511,000	$ 425,637
Expenditures:		
Contractual services	50,000	77,727
Commodities	24,164	-
Capital outlay	98,960	608,106
Total expenditures	173,124	685,833
Receipts over (under) expenditures	337,876	(260,196)
Unencumbered cash, beginning of year	164,340	502,216
Unencumbered cash, end of year	$ 502,216	$ 242,020

See Independent Auditor's Report.

CITY OF SPEARVILLE, 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)

	2024	2025
Receipts:		
Miscellaneous	$ 225	$ -
Transfer from general	50,000	75,000
Transfer from water utility	-	50,000
Transfer from gas utility	-	15,000
Total receipts	50,225	140,000
Expenditures:		
Capital outlay	42,350	-
Receipts over (under) expenditures	7,875	140,000
Unencumbered cash, beginning of year	200,019	207,894
Unencumbered cash, end of year	$ 207,894	$ 347,894

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

GRANTS 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)

	2024	2025
Receipts:		
Federal grants	$ 35,000	$ -
Local grants	10,000	-
Total receipts	45,000	-
Expenditures:		
Contractual services	13,000	7,429
Transfer to grant recipient	35,000	-
Total expenditures	48,000	7,429
Receipts over (under) expenditures	(3,000)	(7,429)
Unencumbered cash, beginning of year	13,000	10,000
Unencumbered cash, end of year	$ 10,000	$ 2,571

See Independent Auditor's Report.

CITY OF SPEARVILLE, 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)

		2025		
	2024	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Special assessments	$ 9,649	$ 8,722	$ 5,000	$ 3,722
Expenditures:				
Debt service:				
Principal	5,000	5,000	$ 5,000	$ -
Interest and commissions	2,255	2,043	2,140	97
Cash basis reserve	-	-	66,327	66,327
Total expenditures	7,255	7,043	$ 73,467	$ 66,424
Receipts over (under) expenditures	2,394	1,679		
Unencumbered cash, beginning of year	70,819	73,213	$ 68,467	$ 4,746
Unencumbered cash, end of year	$ 73,213	$ 74,892		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

PUBLIC BUILDING COMMISSION 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)

		2025		
	2024	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Lease income	$ 136,723	$ 135,465	$ 136,800	$ (1,335)
Interest income	135	109	-	109
Total receipts	136,858	135,574	$ 136,800	$ (1,226)
Expenditures:				
Debt service:				
Principal	80,000	80,000	$ 80,000	$ -
Interest and commissions	56,800	55,600	55,600	-
Cash basis reserve	-	-	1,000	1,000
Total expenditures	136,800	135,600	$ 136,600	$ 1,000
Receipts over (under) expenditures	58	(26)		
Unencumbered cash, beginning of year	61	119	$ 61	$ 58
Unencumbered cash, end of year	$ 119	$ 93	$ 261	$ (168)

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

GAS 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	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 290,710	$ 286,436	$ 450,000	$ (163,564)
Expenditures:				
Personal services	76,924	79,687	$ 100,000	$ 20,313
Contractual services	207,022	222,367	320,000	97,633
Commodities	9,352	7,465	15,000	7,535
Capital outlay	-	16,511	25,000	8,489
Transfer to gas utility reserve	50,000	-	20,000	20,000
Transfer to capital improvement	-	-	70,000	70,000
Transfer to equipment reserve	-	15,000	20,000	5,000
Total expenditures	343,298	341,030	$ 570,000	$ 228,970
Receipts over (under) expenditures	(52,588)	(54,594)		
Unencumbered cash, beginning of year	218,719	166,131	$ 123,719	$ 42,412
Unencumbered cash, end of year	$ 166,131	$ 111,537	$ 3,719	$ 107,818

See Independent Auditor's Report.

CITY OF SPEARVILLE, 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)

		2025		
	2024	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 227,154	$ 202,742	$ 260,000	$ (57,258)
Miscellaneous	6,540	17,096	-	17,096
Total receipts	233,694	219,838	$ 260,000	$ (40,162)
Expenditures:				
Personal services	90,914	83,309	$ 110,000	$ 26,691
Contractual services	64,739	67,117	90,000	22,883
Commodities	27,432	14,875	40,000	25,125
Capital outlay	1,002	5,181	50,000	44,819
Transfer to water capital outlay	29,160	29,160	140,000	110,840
Transfer to capital improvement	-	50,000	50,000	-
Transfer to equipment reserve	-	50,000	50,000	-
Total expenditures	213,247	299,642	$ 530,000	$ 230,358
Receipts over (under) expenditures	20,447	(79,804)		
Unencumbered cash, beginning of year	487,684	508,131	$ 277,685	$ 230,446
Unencumbered cash, end of year	$ 508,131	$ 428,327	$ 7,685	$ 420,642

See Independent Auditor's Report.

CITY OF SPEARVILLE, 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)

		2025		
	2024	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 99,580	$ 100,937	$ 95,000	$ 5,937
Expenditures:				
Personal services	69,964	72,463	$ 70,000	$ (2,463)
Contractual services	16,676	17,507	20,000	2,493
Commodities	1,441	468	2,500	2,032
Capital outlay	-	-	15,000	15,000
Total expenditures	88,081	90,438	$ 107,500	$ 17,062
Receipts over (under) expenditures	11,499	10,499		
Unencumbered cash, beginning of year	12,495	23,994	$ 12,994	$ 11,000
Unencumbered cash, end of year	$ 23,994	$ 34,493	$ 494	$ 33,999

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

SANITATION 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	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 72,695	$ 113,025	$ 85,000	$ 28,025
Expenditures:				
Contractual services	63,644	99,973	$ 80,000	$ (19,973)
Commodities	-	27	-	(27)
Transfer to capital improvement	-	-	10,000	10,000
Transfer to equipment reserve	-	-	10,000	10,000
Total expenditures	63,644	100,000	$ 100,000	$ -
Receipts over (under) expenditures	9,051	13,025		
Unencumbered cash, beginning of year	28,232	37,283	$ 18,231	$ 19,052
Unencumbered cash, end of year	$ 37,283	$ 50,308	$ 3,231	$ 47,077

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

GAS UTILITY 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)

	2024	2025
Receipts:		
Transfer from gas utility	$ 50,000	$ -
Expenditures:		
Debt service:		
Principal	-	44,028
Interest	-	548
Total expenditures	-	44,576
Receipts over (under) expenditures	50,000	(44,576)
Unencumbered cash, beginning of year	85,000	135,000
Unencumbered cash, end of year	$ 135,000	$ 90,424

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

WATER CAPITAL OUTLAY 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)

	2024	2025
Receipts:		
Cash rent and leases	$ 106,782	$ 78,882
Transfers from water utility	29,160	29,160
Total receipts	135,942	108,042
Expenditures:		
Debt service:		
Principal	50,000	50,000
Interest	21,125	20,675
Total expenditures	71,125	70,675
Receipts over (under) expenditures	64,817	37,367
Unencumbered cash, beginning of year	570,931	635,748
Unencumbered cash, end of year	$ 635,748	$ 673,115

See Independent Auditor's Report.

SCHEDULE 3

CITY OF SPEARVILLE, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2025

Fund	Beginning cash balance	Receipts	Disbursements	Ending cash balance
Utility deposits	$ 8,425	$ 1,250	$ 4,063	$ 5,612

See Independent Auditor's Report.