CITY OF GALESBURG, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2024

CITY OF GALESBURG, KANSAS

December 31, 2024

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JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Galesburg, Kansas

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 Galesburg, Kansas, as of and for the year ended December 31, 2024 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 Galesburg as of December 31, 2024, 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 of Galesburg as of December 31, 2024, 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 of Galesburg on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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 and the schedule of receipts and expenditures – actual and budget regulatory basis, for each individual fund (Schedules 1 and 2 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.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

October 16, 2025
Chanute, Kansas

Statement 1

CITY OF GALESBURG, KANSAS
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2024

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Ending Cash Balance December 31, 2024
General	$ 40,271.22	$115,958.37	$ 114,845.19	$ 41,384.40	$ 4,699.15	$ 46,083.55
Special Purpose Funds:						
Tort Liability	18,415.84	19,918.71	17,969.00	20,365.55	-	20,365.55
Special Highway	47,818.43	3,832.59	-	51,651.02	-	51,651.02
Equipment Reserve	12,502.60	168.79	-	12,671.39	-	12,671.39
Business Funds:						
Water Utility	10,035.74	59,224.86	67,745.84	1,514.76	4,201.18	5,715.94
Water Reserve	61,980.39	273.95	-	62,254.34	-	62,254.34
Sewer Utility	57,695.00	8,960.00	7,867.34	58,787.66	110.00	58,897.66
Sewer Reserve	16,796.00	448.88	-	17,244.88	-	17,244.88
Total Reporting Entity	$ 265,515.22	$208,786.15	$ 208,427.37	$ 265,874.00	$ 9,010.33	$ 274,884.33

Composition of Cash:	
Cash on Hand	$ 57.76
Bank of Commerce	
Operating Checking Account	106,355.42
Water Project Account	2,983.90
Sewer Account	16,880.12
Water Project Savings Account	8,033.09
Savings Account	20,202.97
Water Project Grant Account	100.00
Certificates of Deposit	120,271.07
Total Reporting Entity	$ 274,884.33

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

CITY OF GALESBURG, KANSAS

Notes to Financial Statement
December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedule of the City of Galesburg, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting policies generally accepted in the United States of America.

Financial Reporting Entity
The City of Galesburg, Kansas, is a municipal corporation governed by an elected five-member council.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG).

The City has determined that no outside agency meets the above criteria and, therefore, no outside agency has been include as a related municipal entity in this financial statement.

Regulatory Basis Fund Types
A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Galesburg, Kansas, for the year of 2024:

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – Regulatory 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.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than cash receipts. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the city treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a regulatory receipt source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The county treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the county treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for receipt recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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.

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 the 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 City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose fund:

- Equipment Reserve Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes
Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in compliance with the cash basis and budget laws of Kansas.

The City was in apparent violation of K.S.A. 12-1608 which requires the treasurer of third class cities to publish the annual statement showing the total amount received into each fund and the total amount expended from each fund and the cash balances of each fund at the beginning and close of the year. Such annual statement shall show the amount of outstanding registered warrants, temporary notes, bonds and all other obligations and liabilities of the City. The treasurer's report was not published for 2024.

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 branch 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 bank provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

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

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, 2024.

Deposits: At year-end the carrying amount of the City's deposits was $274,826.57 and the bank balance was $278,349.55. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $278,349.55 was covered by the Federal Deposit Insurance Corporation (FDIC) insurance.

4. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2024, were as follows:

Issue	Interest Issue	Date of of Issue	Amount	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Revenue Bonds									
Paid by Utility Receipts									
Series 2005 A	4.12500%	September 1, 2005	$72,000.00	September 8, 2045	$ 41,673.77	$ -	$ 2,061.91	$ 39,611.86	$1,719.04
Series 2005 B	3.78596%	September 1, 2005	68,000.00	September 8, 2045	38,315.49	-	1,844.55	36,470.94	1,580.50
Total Contractual Indebtedness					$ 79,989.26	$ -	$ 3,906.46	$ 76,082.80	$3,299.54

Note: The City has made additional principal payments moving up the date of final maturity in the table below.

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

Issue	2025	2026	2027	2028	2029	2030-2034	2035-2039	Total
Principal								
Revenue Bonds								
Paid by Utility Receipts								
Series 2005 A	$2,077.39	$ 2,163.08	$ 2,252.31	$ 2,345.22	$ 2,441.96	$13,806.46	$ 14,525.44	$ 39,611.86
Series 2005 B	1,989.42	2,071.49	2,156.93	2,245.91	2,338.55	13,221.82	12,446.82	36,470.94
Total Principal Payments	4,066.81	4,234.57	4,409.24	4,591.13	4,780.51	27,028.28	26,972.26	76,082.80
Interest								
Revenue Bonds								
Paid by Utility Receipts								
Series 2005 A	1,628.24	1,542.55	1,453.32	1,360.41	1,263.67	4,721.69	1,929.27	13,899.15
Series 2005 B	1,510.35	1,428.28	1,342.84	1,253.86	1,161.22	4,277.03	1,319.26	12,292.84
Total Interest Payments	3,138.59	2,970.83	2,796.16	2,614.27	2,424.89	8,998.72	3,248.53	26,191.99
Total Principal and Interest	$7,205.40	$ 7,205.40	$ 7,205.40	$ 7,205.40	$ 7,205.40	$36,027.00	$ 30,220.79	$102,274.79

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences
The City does not provide for vacation or sick leave for employees.

7. CONCENTRATION OF CREDIT RISK

The City purchases water for resale from one major supplier. The cost of water purchased this year was $47,030.50. Trash collection also uses one major supplier. The cost of trash collection services paid for this year was $10,172.44.

8. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
Sewer Utility	Water Utility	K.S.A. 12-825d	$ 5,000.00

9. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statements. However the City did approve the purchase of a 1994 E One Tanker Truck for $42,600.00 to be paid for using $29,100.00 of funds held in reserves with the remaining $13,500.00 financed with a finance lease through Labette Bank.

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF GALESBURG, KANSAS

Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
Regulatory Basis
For the Year Ended December 31, 2024

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	$ 109,843.00	$ 10,917.94	$ 120,760.94	$ 114,845.19	$ (5,915.75)
Special Purpose Funds:					
Tort Liability	38,711.00	-	38,711.00	17,969.00	(20,742.00)
Special Highway	50,386.00	-	50,386.00	-	(50,386.00)
Business Funds:					
Water Utility	70,914.00	-	70,914.00	67,745.84	(3,168.16)
Sewer Utility	67,093.00	-	67,093.00	7,867.34	(59,225.66)

CITY OF GALESBURG, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Current Year Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	$ 17,594.99	$ 20,702.00	$ (3,107.01)
Delinquent Tax	3,326.06	1,172.00	2,154.06
Motor Vehicle Tax	2,333.69	2,624.00	(290.31)
Recreational Vehicle Tax	92.05	129.00	(36.95)
16 & 20M Truck Tax	208.01	139.00	69.01
Watercraft Tax	-	6.00	(6.00)
Sales Tax	11,694.63	9,578.00	2,116.63
Franchise Tax	8,257.70	8,539.00	(281.30)
Tax Abatements	8,607.38	-	8,607.38
Intergovernmental			
Grants	5,723.50	-	5,723.50
State Grants	4,408.66	-	4,408.66
Licenses and Permits	(25.00)	-	(25.00)
Charges for Services			
Sanitation Services	10,018.00	10,027.00	(9.00)
Fire Contracts	9,000.00	6,500.00	2,500.00
Rentals	1,550.00	300.00	1,250.00
Use of Money and Property			
Sale of Assets	13,675.00	-	13,675.00
Interest Income	1,691.02	1,747.00	(55.98)
Other Receipts			
Donations	15,747.00	-	15,747.00
Miscellaneous	1,269.90	-	1,269.90
Reimbursed Expense	785.78	-	785.78
Total Receipts	115,958.37	$ 61,463.00	$ 54,495.37
Expenditures			
General Government			
Personal Services	9,730.05	$ 12,048.00	$ (2,317.95)
Contractual Services	29,401.18	12,458.00	16,943.18
Commodities	4,288.80	3,769.00	519.80

CITY OF GALESBURG, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Current Year Actual	Budget	Variance - Over (Under)
Expenditures (Continued)			
Fire Department			
Personal Services	$ 2,600.00	$ -	$ 2,600.00
Contractual Services	9,066.72	6,000.00	3,066.72
Commodities	27,802.75	10,000.00	17,802.75
Capital Oulay	15,000.00	-	15,000.00
Highway and Streets			
Contractual Services	3,833.25	-	3,833.25
Commodities	-	4,363.00	(4,363.00)
Capital Outlay	-	42,465.00	(42,465.00)
Parks & Recreation			
Contractual Services	2,950.00	3,500.00	(550.00)
Commodities	-	2,000.00	(2,000.00)
Sanitation			
Contractual Services	10,172.44	13,240.00	(3,067.56)
Total Certified Budget		109,843.00	5,002.19
Adjustments for Qualifying			
Budget Credits		10,917.94	(10,917.94)
Total Expenditures	114,845.19	$ 120,760.94	$ (5,915.75)
Receipts Over(Under) Expenditures	1,113.18		
Unencumbered Cash, Beginning	40,271.22		
Unencumbered Cash, Ending	$ 41,384.40		

CITY OF GALESBURG, KANSAS
TORT LIABILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Current Year Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	$ 15,171.97	$ 17,267.00	$ (2,095.03)
Delinquent Tax	2,030.26	977.00	1,053.26
Motor Vehicle Tax	2,108.11	2,371.00	(262.89)
Recreational Vehicle Tax	83.15	117.00	(33.85)
16 & 20M Truck Tax	112.22	125.00	(12.78)
Watercraft Tax	-	6.00	(6.00)
Other Receipts			
Reimbursed Expense	413.00	-	413.00
Total Receipts	19,918.71	$ 20,863.00	$ 413.00
Expenditures			
General Government			
Contractual Services	17,969.00	$ 38,711.00	$ (20,742.00)
Total Expenditures	17,969.00	$ 38,711.00	$ (20,742.00)
Receipts Over(Under) Expenditures	1,949.71		
Unencumbered Cash, Beginning	18,415.84		
Unencumbered Cash, Ending	$ 20,365.55		

CITY OF GALESBURG, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Current Year Actual	Budget	Variance - Over (Under)
Receipts			
Taxes and Shared Receipts			
Special Highway Tax	$ 3,832.59	$ 3,220.00	$ 612.59
Total Receipts	3,832.59	$ 3,220.00	$ 612.59
Expenditures			
Street Improvements			
Commodities	-	$ 50,386.00	$ (50,386.00)
Total Expenditures	-	$ 50,386.00	$ (50,386.00)
Receipts Over(Under) Expenditures	3,832.59		
Unencumbered Cash, Beginning	47,818.43		
Unencumbered Cash, Ending	$ 51,651.02		

CITY OF GALESBURG, KANSAS
EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2024

	Current Year Actual
Receipts	
Use of Money and Property	
Interest Income	$ 168.79
Total Receipts	168.79
Expenditures	
Water Improvements	
Capital Outlay	-
Total Expenditures	-
Receipts Over(Under) Expenditures	168.79
Unencumbered Cash, Beginning	12,502.60
Unencumbered Cash, Ending	$ 12,671.39

CITY OF GALESBURG, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Current Year Actual	Budget	Variance - Over (Under)
Receipts			
Charges for Services			
Utility Collections	$ 54,224.86	$ 57,900.00	$ (3,675.14)
Use of Money and Property			
Interest Income	-	67.00	(67.00)
Operating Transfer from			
Sewer Utility Fund	5,000.00	-	5,000.00
Total Receipts	59,224.86	$ 57,967.00	$ 1,257.86
Expenditures			
Production			
Personal Services	2,741.31	$ -	$ 2,741.31
Contractual Services	6,341.28	10,000.00	(3,658.72)
Commodities	47,030.50	39,299.00	7,731.50
Capital Outlay	4,426.75	14,409.00	(9,982.25)
Debt Service			
Principal	3,906.46	3,906.00	0.46
Interest	3,299.54	3,300.00	(0.46)
Total Expenditures	67,745.84	$ 70,914.00	$ (3,168.16)
Receipts Over(Under) Expenditures	(8,520.98)		
Unencumbered Cash, Beginning	10,035.74		
Unencumbered Cash, Ending	$ 1,514.76		

CITY OF GALESBURG, KANSAS
WATER RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2024

	Current Year Actual
Receipts	
Use of Money and Property	
Interest Income	$ 273.95
Total Receipts	273.95
Expenditures	
Water Improvements	
Capital Outlay	-
Total Expenditures	-
Receipts Over(Under) Expenditures	273.95
Unencumbered Cash, Beginning	61,980.39
Unencumbered Cash, Ending	$ 62,254.34

CITY OF GALESBURG, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Current Year Actual	Budget	Variance - Over (Under)
Receipts			
Charges for Services			
Utility Collections	$ 8,960.00	$ 9,119.00	$ (159.00)
Total Receipts	8,960.00	$ 9,119.00	$ (159.00)
Expenditures			
Operating Expenditures			
Personal Services	-	$ 1,289.00	$ (1,289.00)
Contractual Services	2,848.66	6,000.00	(3,151.34)
Commodities	18.68	1,500.00	(1,481.32)
Capital Outlay	-	58,304.00	(58,304.00)
Operating Transfer to			
Water Utility Fund	5,000.00	-	5,000.00
Total Expenditures	7,867.34	$ 67,093.00	$ (59,225.66)
Receipts Over(Under) Expenditures	1,092.66		
Unencumbered Cash, Beginning	57,695.00		
Unencumbered Cash, Ending	$ 58,787.66		

CITY OF GALESBURG, KANSAS
SEWER RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2024

	Current Year Actual
Receipts	
Use of Money and Property	
Interest Income	$ 448.88
Total Receipts	448.88
Expenditures	
Water Improvements	
Capital Outlay	-
Total Expenditures	-
Receipts Over(Under) Expenditures	448.88
Unencumbered Cash, Beginning	16,796.00
Unencumbered Cash, Ending	$ 17,244.88

Jarred Gilmore Phillips

The Honorable Mayor and City Council
City of Galesburg, Kansas

In planning and performing our audit of the financial statement of the City of Galesburg, Kansas as of and for the year ended December 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Galesburg, Kansas' system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Galesburg, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Galesburg Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Preparation of Financial Statement

In prior years, the auditor was considered the compensating control for preparation of the City's financial statement, including footnotes. However, professional standards do not allow the auditor to be a compensating internal control for the City. The new standard states the client must be able to accept responsibility and be able to identify a material misstatement when handed the financial statement, including footnotes. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the City staff does not have the ability to process and prepare the required financial statement, including footnotes. While we recognize that this condition is not unusual for a City your size, it is important that you be aware of this condition for financial reporting purposes. Management and the City Council should continually be aware of the financial reporting of the City and changes in reporting requirements.

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statement. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as receipt of cash, preparing the bank deposits, reconciling the bank account to the ledger book, and preparing cash payments. We would remind the City Council members that they are responsible for approval and the signing of checks, so they need to be diligent in his/her responsibilities. All disbursements approved should have original invoices attached and should be reviewed thoroughly before approval. Also of note, the city clerk is the wife of a member of the city council.

This communication is intended solely for the information and use of management, the Mayor, City Council, and others within City of Galesburg, Kansas, and is not intended to be, and should not be, used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

October 16, 2025
Chanute, Kansas