CITY OF GALVA, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2025

LOYD GROUP, LLC
Certified Public Accountants

CITY OF GALVA, KANSAS
CITY OF THE THIRD CLASS
For The Year Ended December 31, 2025

Myrna Walline, Mayor

CITY COUNCIL

Scott Unruh

Joe Larson

Justin Reynolds

George Andreas

Sandy Blair

CITY OFFICERS

Lori Tector, Clerk

Brian Bina, Attorney

Treva J. Norstrom, Treasurer

Hadley Sizemore, Police Judge

CITY OF GALVA, KANSAS

For the Year Ended December 31, 2025

TABLE OF CONTENTS

		Page Numbers
	Independent Auditor's Report	1 – 3
	FINANCIAL SECTION	
Statement 1	Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	4
	Notes to Financial Statement	5 – 10
	REGULATORY – REQUIRED SUPPLEMENTARY INFORMATION	
Schedule 1	Summary of Expenditures – Actual and Budget – Regulatory Basis	11
Schedule 2	Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis	
	General Fund	
2-1	General Fund	12 – 14
	Special Purpose Fund	
2-2	Special Highway Fund	15
2-3	ARPA	16
	Capital Project Fund	
2-4	Capital Improvement Fund	17
2-5	Water Capital Project Fund	18
	Business Funds	
2-6	Electric Fund	19
2-7	Sewer Fund	20
2-8	Water Fund	21
Schedule 3	Agency Funds – Schedule of Receipts and Disbursements – Regulatory Basis	22

LOYD GROUP, LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Galva, 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 Galva, 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.

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, schedule of regulatory basis receipts and disbursements-agency funds and schedules of regulatory basis receipts and expenditures-actual-related municipal entity (Schedules 1, 2, and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Galva, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued their report thereon dated May 1, 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
May 4, 2026

CITY OF GALVA, 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	$ 2,157,537	$ 805,085	$ 826,492	$ 2,136,130	$ -	$ 2,136,130
SPECIAL PURPOSE FUND:						
Special Highway Fund	149,646	22,387	121,689	50,344	-	50,344
ARPA Fund	-	-	-	-	-	-
Total Special Purpose Funds	149,646	22,387	121,689	50,344	-	50,344
CAPITAL PROJECTS FUND:						
Capital Improvement Fund	365,693	196,590	175,546	386,737	-	386,737
Water Capital Project Fund	-	1,700,000	142,020	1,557,980	-	1,557,980
Total Capital Projects Funds	365,693	1,896,590	317,566	1,944,717	-	1,944,717
BUSINESS FUNDS:						
Electric Fund	145,693	709,526	631,906	223,313	-	223,313
Sewer Fund	389,682	145,918	228,512	307,088	-	307,088
Water Fund	264,713	149,055	116,085	297,683	-	297,683
Total Business Funds	800,088	1,004,499	976,503	828,084	-	828,084
Total Reporting Entity (Excluding Agency Funds)	$ 3,472,964	$ 3,728,561	$ 2,242,250	$ 4,959,275	$ -	$ 4,959,275

COMPOSITION OF CASH:	
Checking Accounts - Farmers State Bank	$ 2,556,455
Certificates of Deposit - Farmers State Bank	2,420,000
Total Cash	4,976,455
Less Agency Funds per Schedule 3	(17,180)
Total Reporting Entity (Excluding Agency Funds)	$ 4,959,275

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Municipal Financial Reporting Entity

The City of Galva is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents the City of Galva. The City has no 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.).

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

No statute violations were noted during 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 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.

3. DEPOSITS AND INVESTMENTS (CONT.)

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 $4,976,455 and the bank balance was $5,144,481. 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 $4,894,481 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

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
General Obligation Bonds:									
Series 2020	1.88%	06-25-20	2,303,000	06-25-60	$ 2,141,951	$ -	$ 42,194	$ 2,099,757	$ 39,325

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

	Year											
	2026	2027	2028	2029	2030	2031 to 2035	2036 to 2040	2041 to 2045	2046 to 2050	2051 to 2055	2056 to 2060	Total
Principal:												
General Obligation Bonds:												
Series 2020	$ 42,986	$ 43,792	$ 44,509	$ 45,447	$ 46,299	$ 244,749	$ 268,507	$ 294,743	$ 323,442	$ 354,937	$ 390,346	$ 2,099,757
Interest:												
General Obligation Bonds:												
Series 2020	39,370	38,564	37,847	36,909	36,057	167,031	143,273	117,037	88,338	56,843	22,285	783,554
Total Principal and Interest	$ 82,356	$ 82,356	$ 82,356	$ 82,356	$ 82,356	$ 411,780	$ 411,780	$ 411,780	$ 411,780	$ 411,780	$ 412,631	$ 2,883,311

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. 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 the fiscal year ended December 31, 2025. Contributions to the pension plan from the City were $30,745 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 $268,369. 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 Employee Benefits

Vacation – Vacation leave shall be accrued from the employee's date of employment as stipulated hereinafter. All vacation leave must be used by the end of the year and shall not carry over to the following year. No vacation leave shall be taken until a new employee has completed the probationary period.

Vacations that follow apply only to full-time regular employees and part-time employees. Temporary and seasonal employees are not eligible for paid vacation. Part-time employees shall accumulate vacation leave on a basis proporationate to a full-time employee based on the number of hours per week worked. Vacations will be allowed for full-time employees in the following manner:

Years of Service	Per Year
0 to 1 years of service	5 working days
2 to 9 years of service	10 working days
10 to 14 years of service	15 working days
15 plus years of service	20 working days

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT.)

(a) Other Employee Benefits (Cont.)

Sick leave – All full-time and part-time employees shall be entitled to sick leave with pay for absences resulting from personal illness, injuries, accidents or other physical incapacities, occurring either on or off the job.

Years of Completed Service	Annual Sick Leave Benefits
Upon completion of probationary period-	
90 days but less than 1 year	5 days
After 1 year	10 days

Sick leave may be accumulated up to a total of 50 days. An employee terminating his or her employment with the City, whether with or without notice, or whether terminated for cause, shall not be paid for any unused sick leave.

(b) Death and Disability Other Post Employment Benefits

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

7. OTHER RELATIONSHIPS

McPherson Area Solid Waste Utility

The City along with McPherson County and seven other cities located within McPherson County entered into an interlocal agreement, authorized by State Statute, to form the McPherson Area Solid Waste Utility (the Utility) effective July 17, 1991. The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective county-wide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of its Members.

Management of the Utility is carried out by an appointed three member Board of Directors. The City of McPherson appoints one member to the Board of Directors, McPherson County appoints a second Director and the third Director is appointed collectively by the other seven Members of the Utility.

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been escrowed for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until such action is taken by its Board of Directors. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time as provision is made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

The Board of Directors shall determine the methods of obtaining financing for the Utility. The County provided the initial financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

Financial information of the McPherson Area Solid Waste Utility is not included in this report. Complete financial statements may be obtained from the administrative offices of the entity at 1431 17th Ave, McPherson, Kansas 67460.

8. 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 torts; theft of, damage to, and destruction of assets; errors and omissions; injures to employees, 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.

9. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	$ 75,000
General Fund	Water Capital Project Fund	K.S.A. 12-1,118	200,000
Total			$ 275,000

10. CAPITAL PROJECT

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures To Date
Water capital project	$ 1,500,000	$ -
Water capital project design	1,000,000	-
Water & sewer infrastructure project	1,016,230	142,020
	$ 3,516,230	$ 142,020

11. SUBSEQUENT EVENTS

The City was awarded a 2026 HB 2302 Water Projects Grant awad for the project titled "City of Galva - Water Supply System Improvements - Phase 2" in the amount of $1,300,000. Construction is set to begin in 2026 and to be completed in 2027.

Management has evaluated the effects of 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 GALVA, KANSAS

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2025

CITY OF GALVA, 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	$ 2,779,969	$ -	$ 2,779,969	$ 826,492	$ (1,953,477)
SPECIAL PURPOSE FUNDS:					
Special Highway Fund	133,348	-	133,348	121,689	(11,659)
CAPITAL PROJECT FUND:					
Capital Improvement Fund	1,274,969	-	1,274,969	175,546	(1,099,423)
Water Capital Project Fund	1,500,001	-	1,500,001	142,020	(1,357,981)
BUSINESS FUNDS:					
Electric Fund	636,358	-	636,358	631,906	(4,452)
Sewer Fund	467,724	-	467,724	228,512	(239,212)
Water Fund	256,726	-	256,726	116,085	(140,641)

CITY OF GALVA, 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	$ 424,110	$ 457,350	$ 463,703	$ (6,353)
Delinquent tax	3,171	3,573	200	3,373
Motor vehicle tax	46,939	49,761	47,441	2,320
Recreational vehicle tax	1,790	1,330	1,659	(329)
16/20M vehicle tax	570	566	611	(45)
Commercial vehicle tax	1,408	1,383	1,585	(202)
Watercraft tax	-	-	680	(680)
Local sales tax	162,029	176,508	150,000	26,508
Total Taxes	640,017	690,471	665,879	24,592
Intergovernmental Revenues -				
Economic development	3,862	3,786	1,500	2,286
Licenses and Permits -				
Building permits, licenses, dog tags	2,559	1,441	15,000	(13,559)
Utility franchise fees	8,364	9,072	8,000	1,072
Total Licenses and Permits	10,923	10,513	23,000	(12,487)
Charges for Services -				
Sanitation services	78,387	77,949	70,000	7,949
Other -				
Donations	-	1,523	100	1,423
Interest received	2,793	-	-	-
Miscellaneous	4,169	2,059	1,000	1,059
Reimbursements	5,772	5,055	-	5,055
Rent	12,759	13,729	9,000	4,729
Total Other	25,493	22,366	10,100	12,266
Total Receipts	758,682	805,085	$ 770,479	$ 34,606

CITY OF GALVA, 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	$ 133,018	$ 132,311	$ 135,200	$ (2,889)
Contractual services	134,033	158,429	225,000	(66,571)
Commodities	31,504	43,498	38,000	5,498
Capital outlay	2,875	-	1,000	(1,000)
Economic development	-	-	5,000	(5,000)
Total Administrative	301,430	334,238	404,200	(69,962)
Police -				
Personal services	82,011	82,841	82,800	41
Contractual services	1,559	1,425	5,000	(3,575)
Commodities	2,907	8,798	10,000	(1,202)
Police car	-	-	3,000	(3,000)
Total Police	86,477	93,064	100,800	(7,736)
Street -				
Capital outlay	47,190	60,000	60,000	-
Recreation Committee -				
Personal services	10,765	10,765	14,000	(3,235)
Contractual services	771	988	1,000	(12)
Commodities	1,382	5,308	5,000	308
Capital outlay	-	-	18,000	(18,000)
Vehicles	-	-	5,000	(5,000)
Appropriation	-	-	500	(500)
Total Recreation Committee	12,918	17,061	43,500	(26,439)

CITY OF GALVA, 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.)				
Governing Body -				
Contractual services	$ 8	$ 706	$ 500	$ 206
Commodities	-	-	1,000	(1,000)
Total Governing Body	8	706	1,500	(794)
Planning Commission -				
Contractual services	93	(59)	-	(59)
Trash -				
Contractual services	38,401	46,232	-	46,232
Other				
Miscellaneous	-	250	-	250
Transfer to Capital Improvement Fund	50,000	75,000	75,000	-
Transfer to Water Capital Project Fund	-	200,000	-	200,000
Cash Forward	-	-	2,094,969	(2,094,969)
Total Other	50,000	275,250	2,169,969	(1,894,719)
Total Expenditures	536,517	826,492	$ 2,779,969	$ (1,953,477)
Receipts Over (Under) Expenditures	222,165	(21,407)		
Unencumbered Cash, Beginning	1,935,372	2,157,537		
Unencumbered Cash, Ending	$ 2,157,537	$ 2,136,130		

CITY OF GALVA, KANSAS

SPECIAL PURPOSE FUND

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
State of Kansas gas tax	$ 22,533	$ 22,387	$ 23,700	$ (1,313)
Expenditures				
Commodities	-	-	$ 4,000	$ (4,000)
Materials and supplies	14,871	121,689	-	121,689
Capital outlay	4,035	-	56,091	(56,091)
Cash forward	-	-	73,257	(73,257)
Total Expenditures	18,906	121,689	$ 133,348	$ (11,659)
Receipts Over (Under) Expenditures	3,627	(99,302)		
Unencumbered Cash, Beginning	146,019	149,646		
Unencumbered Cash, Ending	$ 149,646	$ 50,344		

CITY OF GALVA, KANSAS

SPECIAL PURPOSE FUND

ARPA 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	2025
Receipts		
Grants	$ -	$ -
Expenditures		
Contractual services	133,686	-
Receipts Over (Under) Expenditures	(133,686)	-
Unencumbered Cash, Beginning	133,686	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF GALVA, KANSAS

CAPITAL PROJECT FUND

CAPITAL IMPROVEMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Totals for the Prior Year Ended December 31, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Reimbursed expenses	$ 420	$ -	$ 1,016,230	$ (1,016,230)
Gifts and donations	3,005	20,100	-	20,100
Investment income	85,727	101,490	92,000	9,490
Other	5,871	-	-	-
Transfer from General Fund	50,000	75,000	75,000	-
Total Receipts	145,023	196,590	$ 1,183,230	$ (986,640)
Expenditures				
Contractual services	39,585	16,339	$ -	$ 16,339
Capital outlay	45,979	149,035	92,000	57,035
Donations	9,350	-	-	-
Memorial	6,590	-	-	-
Waterwell	-	-	1,016,230	(1,016,230)
Miscellaneous	-	10,172	-	10,172
Cash forward	-	-	166,739	(166,739)
Total Expenditures	101,504	175,546	$ 1,274,969	$ (1,099,423)
Receipts Over (Under) Expenditures	43,519	21,044		
Unencumbered Cash, Beginning	322,174	365,693		
Unencumbered Cash, Ending	$ 365,693	$ 386,737		

CITY OF GALVA, KANSAS

CAPITAL PROJECT FUND

WATER CAPITAL PROJECT 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				
KDHE Grant	$ -	$ 1,500,000	$ 1,500,000	$ -
Transfer from General Fund	-	200,000	-	200,000
Total Receipts	-	1,700,000	$ 1,500,000	$ 200,000
Expenditures				
Contractual services	-	142,020	$ 1,500,000	$ (1,357,980)
Cash forward	-	-	1	(1)
Total Expenditures	-	142,020	$ 1,500,001	$ (1,357,981)
Receipts Over (Under) Expenditures	-	1,557,980		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ 1,557,980		

CITY OF GALVA, KANSAS

BUSINESS FUND

ELECTRIC 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				
Sales to customers	$ 653,429	$ 704,211	$ 600,000	$ 104,211
Penalties	3,104	3,789	1,500	2,289
Installation charges	-	-	2,500	(2,500)
Reimbursements	-	-	200	(200)
Other	1,038	1,526	-	1,526
Total Receipts	657,571	709,526	$ 604,200	$ 105,326
Expenditures				
Personal services	126,319	120,774	$ 135,200	$ (14,426)
Contractual services	456,354	485,341	450,000	35,341
Commodities	13,252	25,791	17,500	8,291
Capital outlay	1,411	-	20,000	(20,000)
Vehicle	5,000	-	5,000	(5,000)
Cash forward	-	-	8,658	(8,658)
Total Expenditures	602,336	631,906	$ 636,358	$ (4,452)
Receipts Over (Under) Expenditures	55,235	77,620		
Unencumbered Cash, Beginning	90,458	145,693		
Unencumbered Cash, Ending	$ 145,693	$ 223,313		

CITY OF GALVA, KANSAS

BUSINESS FUND

SEWER 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				
Sales to customers	$ 146,335	$ 145,718	$ 145,000	$ 718
Sewer tap	-	200	1,000	(800)
Total Receipts	146,335	145,918	$ 146,000	$ (82)
Expenditures				
Personal services	65,374	57,927	$ 62,500	$ (4,573)
Contractual services	18,462	23,605	30,000	(6,395)
Commodities	12,322	15,105	32,000	(16,895)
Capital outlay	26,058	50,356	70,000	(19,644)
Sewer repair reserve	-	-	19,500	(19,500)
Vehicle	10,000	-	10,000	(10,000)
GO Bond Principal	41,308	42,194	41,308	886
GO Bond Interest	40,209	39,325	41,048	(1,723)
Cash forward	-	-	161,368	(161,368)
Total Expenditures	213,733	228,512	$ 467,724	$ (239,212)
Receipts Over (Under) Expenditures	(67,398)	(82,594)		
Unencumbered Cash, Beginning	457,080	389,682		
Unencumbered Cash, Ending	$ 389,682	$ 307,088		

CITY OF GALVA, KANSAS

BUSINESS FUND

WATER 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				
Sales to customers	$ 109,853	$ 147,225	$ 85,000	$ 62,225
Installation charges	2,035	1,830	2,000	(170)
Miscellaneous	-	-	500	(500)
Total Receipts	111,888	149,055	$ 87,500	$ 61,555
Expenditures				
Personal services	27,486	24,600	$ 26,000	$ (1,400)
Contractual services	17,992	21,074	20,000	1,074
Commodities	49,028	23,826	35,000	(11,174)
Capital outlay	31,395	46,585	70,000	(23,415)
Vehicle	5,000	-	5,000	(5,000)
Waterwell	-	-	50,000	(50,000)
Cash forward	-	-	50,726	(50,726)
Total Expenditures	130,901	116,085	$ 256,726	$ (140,641)
Receipts Over (Under) Expenditures	(19,013)	32,970		
Unencumbered Cash, Beginning	283,726	264,713		
Unencumbered Cash, Ending	$ 264,713	$ 297,683		

CITY OF GALVA, KANSAS

AGENCY FUNDS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended December 31, 2025

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Payroll Clearing Fund	$ -	$ 429,136	$ 429,136	$ -
Recreation Committee Fund	18,520	11,897	13,237	17,180
Sales Tax Fund	-	19,352	19,352	-
Total	$ 18,520	$ 460,385	$ 461,725	$ 17,180