CITY OF RUSSELL, KANSAS

DECEMBER 31, 2022



CITY OF RUSSELL, KANSAS

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Russell, Kansas
Russell, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash balances of the City of Russell, Kansas (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse and Unmodified Opinions on U.S. Generally Accepted Accounting Principles" 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, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on the 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, 2022, 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—Summary of Significant Accounting Policies.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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.

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Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1—Summary of Significant Accounting Policies 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 the financial statement in accordance with the regulatory basis reporting provisions in the *Kansas Municipal Audit and Accounting Guide*, as described in Note 1, to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS) and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 2022 fund summary statement of receipts, expenditures, and unencumbered cash balances – regulatory basis (basic financial statement) as a whole. The summary of expenditures – regulatory basis – actual and budget, the individual fund schedules of receipts and expenditures – regulatory basis – actual and budget, and the agency funds schedule of receipts and disbursements – regulatory basis (Schedules 1 through 3, as listed in the table of contents) are presented for additional analysis and are not a required part of the 2022 basic financial statement; however, they are required to be presented under the provisions in the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statement of the City. Such 2022 information is the responsibility of management and the supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 information has been subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 information is fairly stated, in all material respects, in relation to the 2022 basic financial statement as a whole, on the basis of accounting described in Note 1—Summary of Significant Accounting Policies.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City, as of and for the year ended December 31, 2021, not presented herein, and have issued our report thereon dated June 16, 2022, which contained an unmodified opinion on the regulatory basis basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the Kansas Department of Administration website at the link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2022 (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and are not a required part of the basic financial statement. Such 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 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, 2021, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants

Hutchinson, Kansas
June 6, 2023

CITY OF RUSSELL, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
For Year Ended December 31, 2022

Funds	Unencumbered Cash Balance 01/01/22	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance 12/31/22	Add Encumbrances and Accounts Payable	Cash Balance 12/31/22
GENERAL FUND	$ 1,971,987	$ 3,747	$ 3,949,247	$ 4,007,356	$ 1,917,625	$ 70,813	$ 1,988,438
SPECIAL PURPOSE FUNDS							
Airport	109,287	-	77,394	70,417	116,264	20,471	136,735
Industrial	99,434	-	142,927	154,350	88,011	2,572	90,583
Special Highway	164,975	-	119,267	259,699	24,543	197,318	221,861
Library	-	-	157,019	157,019	-	-	-
Fire Equipment	74,849	-	35,210	60,798	49,261	44,356	93,617
Recreation	-	-	124,589	124,589	-	-	-
Personnel Benefits	353,399	-	1,686,290	1,868,757	170,932	129,156	300,088
Special Parks and Recreation	79,883	-	17,445	76,645	20,683	-	20,683
Capital Improvements	243,011	88,697	966,424	2,946,617	(1,648,485)	2,409,834	761,349
Equipment Reserve	176,357	120	446,292	120,035	502,734	41,655	544,389
Risk Management Reserve	17,271	-	41	2,843	14,469	-	14,469
TOTAL SPECIAL PURPOSE FUNDS	1,318,466	88,817	3,772,898	5,841,769	(661,588)	2,845,362	2,183,774
BOND AND INTEREST FUND							
Bond and Interest	112,066	-	459,282	458,970	112,378	-	112,378
TRUST FUNDS							
Johnson Trust	719,652	1,284	282,693	107,358	896,271	-	896,271
Deines Center Trust	25,086	-	60	3,105	22,041	1,242	23,283
Health Insurance Trust	316,940	-	1,140,660	1,225,559	232,041	-	232,041
Donation	10,125	-	4,913	751	14,287	-	14,287
TOTAL TRUST FUNDS	1,071,803	1,284	1,428,326	1,336,773	1,164,640	1,242	1,165,882

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

CITY OF RUSSELL, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
For Year Ended December 31, 2022

Funds	Unencumbered Cash Balance 01/01/22	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance 12/31/22	Add Encumbrances and Accounts Payable	Cash Balance 12/31/22
CAPITAL PROJECT FUNDS							
Historic Park Improvements	$ -	$ -	$ 411,302	$ 365,313	$ 45,989	$ 18,250	$ 64,239
Holland Hotel Improvement Project	-	-	1,001,002	50,000	951,002	-	951,002
Airport Improvement Project	-	-	-	-	-	-	-
TOTAL CAPITAL PROJECT FUNDS	-	-	1,412,304	415,313	996,991	18,250	1,015,241
BUSINESS FUNDS							
Electric	7,539,864	22,553	9,962,455	12,435,241	5,089,631	943,628	6,033,259
Electric Depreciation Reserve	2,156,668	-	1,558,584	2,156,074	1,559,178	1,770,943	3,330,121
Water	1,885,248	32,767	3,119,357	2,859,364	2,178,008	68,138	2,246,146
Water Depreciation Reserve	89,342	6,485	2,375,145	4,986,534	(2,515,562)	2,590,672	75,110
Wastewater	589,271	7,720	936,725	881,346	652,370	7,478	659,848
Wastewater Replacement	330,680	80,590	3,165,161	3,526,098	50,333	604,145	654,478
Sanitation	375,313	-	679,620	641,154	413,779	13,087	426,866
Sanitation Reserve	333,583	-	70,908	43,681	360,810	43,681	404,491
TOTAL BUSINESS FUNDS	13,299,969	150,115	21,867,955	27,529,492	7,788,547	6,041,772	13,830,319
RELATED MUNICIPAL ENTITIES							
Russell Recreation Commission	66,521	-	224,312	230,081	60,752	1,436	62,188
TOTAL FINANCIAL REPORTING ENTITY (Excluding Agency Funds)	$ 17,840,812	$ 243,963	$ 33,114,324	$ 39,819,754	$ 11,379,345	$ 8,978,875	$ 20,358,220

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

CITY OF RUSSELL, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
For Year Ended December 31, 2022

COMPOSITION OF CASH	
Cash on hand	$ 500
Checking account	6,046,818
KMEA deposit	64,428
Money Market and Certificate's of deposit	7,829,138
Treasury Daily Fund	713,929
Kansas Municipal Investment Pool	5,702,404
Total Related Municipal Entities	62,188
TOTAL CASH	20,419,405
AGENCY FUNDS (Schedule 3)	(61,185)
TOTAL REPORTING ENTITY	$ 20,358,220

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

CITY OF RUSSELL, KANSAS

NOTES TO THE FINANCIAL STATEMENT
December 31, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Russell, Kansas (the City), a municipal corporation, is the county seat of Russell County, Kansas and was incorporated in 1871. The City is governed by an elected mayor and an elected eight-member Council form of government and provides the following services: public safety and administration of justice, water and electric utility, transportation and environmental services, community development, and recreation activities.

The Russell Recreation Commission (Recreation Commission), a related municipal entity, is authorized by K.S.A. 12-1922 under an agreement with the City of Russell, Kansas to provide a system of public recreation and playgrounds. The governing body of the Recreation Commission consists of five members appointed by the City. The Recreation Commission operates as a separate governing body but the City levies the taxes for the Recreation Commission and the Recreation Commission has only powers granted by statute, K.S.A. 12-1928. The Recreation Commission is controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The City's regulatory financial statement presents only the City's financial information and the Russell Recreation Commission, a related municipal entity. The statement does not include the City's related municipal entities as follows:

- Russell Library
- Russell Housing Authority

B. Regulatory Basis Fund Types

General Fund

The chief operating fund is 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 specific 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. Water Fund, Electric Fund, etc.).

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Regulatory Basis Fund Types (Continued)

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. 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.

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 City is holding a revenue rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City 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. The City amended the Special Parks Fund, Special Highway Fund, and Fire Equipment Reserve Fund budget for the year ended December 31, 2022.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 the prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, agency funds, and the following special purpose funds: Equipment Reserve, Capital Improvement, and Risk Management Reserve, and the following business funds: Electric Depreciation Reserve, Water Depreciation Reserve, Sanitation Reserve, and Wastewater Replacement.

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

E. Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under *Kansas Municipal Audit and Accounting Guide* regulatory basis accounting.

F. Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specific funds for the payment of debt services and fiscal fees on long-term debt, and for expenditures awarded by federal and state grant contracts. Also, cash is restricted in the trust funds of the City for specific purposes.

The City, as part of the Western Area Power Administration (WAPA) contract with Kansas Municipal Energy Agency (KMEA) is required by section 6(c) of the Hydro Power Pooling Contract, to have on deposit $64,428 in the KMEA Hydro Power Project trust account. Any investment income on the deposit will be credited annually to the deposit account.

G. Property Taxes

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County appraiser annually determines assessed valuation based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes (Continued)

In accordance with State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The taxes are due one-half on December 20 and one-half the following May 10. Any taxes unpaid at the due dates are considered delinquent.

Collection of current year property tax by the County Treasurer is not completed, apportioned, or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing State statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance current operation of the City, and therefore, are not susceptible to accrual.

Undistributed taxes from the prior year levy are recognized as income in the current year. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period, and further, the amounts thereof are not material to the financial statements taken as a whole.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

K.S.A. 10-113 requires no indebtedness be created for a fund in excess of available monies in that fund.

The City encumbered project costs for the South Fossil Expansion Project in 2022 creating a deficit in the Capital Improvement Fund. The fund will be reimbursed for the costs from a grant from the Kansas Department of Transportation as the project progresses in 2023.

The City encumbered project costs for the Plant A Rehabilitation Project in 2022 creating a deficit in the Water Depreciation Reserve Fund. The fund will be reimbursed for the costs from loan drawdowns from the Kansas Department of Health and Environment in 2023.

NOTE 3—DEPOSITS AND INVESTMENTS

As of December 31, 2022, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1-2	Rating U.S.
Treasury Fund Daily	$ 713,929	$ 713,929	$ -	N/A
Kansas Municipal Investment Pool	5,702,404	5,702,404	-	N/A
	$ 6,416,333	$ 6,416,333	$ -	

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 Federal Deposit Insurance Corporation 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 an investment policy that would further limit its investment choices, which excludes investment in repurchase agreements. The rating of the City's investments is noted above.

NOTE 3—DEPOSITS AND INVESTMENTS (CONTINUED)

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. The City's investment policy does provide for an investment limitation of 55% per financial institution. The City's policy states that the Kansas Municipal Investment Pool (KMIP) is not to be considered as a financial institution. The City's allocation of investments as of December 31, 2022, is as follows:

Investments	Percentage of Investments
Treasury Fund Daily	11
Kansas Municipal Investment Pool	89

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required, coverage is 50%. In 2022, the City did not enter into any peak depository agreements. All deposits were legally secured at December 31, 2022.

At December 31, 2022, the City's carrying amount of deposits was $13,875,956 and the bank balance was $13,844,977. The bank balance was held by four banks, with 56% of the deposits held by one bank resulting in a concentration of credit risk. Of the bank balance, $3,754,946 was covered by the Federal Deposit Insurance Corporation and $10,090,031 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2022, the Recreation Commission's carrying amount of deposits was $62,188 and the bank balance was $63,383. The bank balance was held by one bank. Of the bank balance, all was covered by federal depository insurance.

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.

At December 31, 2022, the City had invested $713,929 in Treasury Fund Daily, through a brokerage account with UMB Financial Services, Inc. This investment is not rated; however, the brokerage account is insured through Securities Investor Protection Corporation, up to $500,000.

At December 31, 2022, the City had invested $5,702,404 in the KMIP. KMIP is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligation of, or obligations that are insured as to principal and interest, by the U.S. Government or any agency thereof, with maturities up to four years. No more than 10% of those funds may be invested in mortgage-backed securities. In addition, KMIP may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

NOTE 4—LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2022, were as follows:

Issue	Interest Rates	Dates 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 2015-A	0.75-3.00%	10/28/15	$ 1,015,000	08/01/30	$ 640,000	$ -	$ 65,000	$ 575,000	$ 15,910
Series 2020-A	1.55-1.85%	03/10/20	2,601,000	08/01/27	1,930,000	-	345,000	1,585,000	33,060
Revolving Loans									
KPWS Loan Fund - 2791	2.23%	11/08/12	1,223,635	02/01/34	845,462	-	56,737	788,725	18,539
KPWS Loan Fund - 2731	2.42%	01/09/12	350,099	02/01/33	214,214	-	16,366	197,848	5,086
Lease Purchase Agreements									
Community First National Bank	3.174%	12/09/19	385,497	12/09/31	330,852	-	28,630	302,222	10,501
					$ 3,960,528	$ -	$ 511,733	$ 3,448,795	$ 83,096

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

Issue	2023	2024	2025	2026	2027	2028-2032	2033-2034	Total
PRINCIPAL								
General Obligation Bonds								
Series 2015-A	$ 65,000	$ 70,000	$ 70,000	$ 70,000	$ 70,000	$ 230,000	$ -	$ 575,000
Series 2020-A	350,000	355,000	365,000	370,000	145,000	-	-	1,585,000
Revolving Loans								
KPWS Loan Fund - 2791	58,010	59,311	60,641	62,000	63,391	338,924	146,448	788,725
KPWS Loan Fund - 2731	16,764	17,172	17,591	18,018	18,457	99,249	10,597	197,848
Lease Purchase Agreements								
Community First National Bank	29,539	30,476	31,444	32,441	33,471	144,851	-	302,222
TOTAL PRINCIPAL	$ 519,313	$ 531,959	$ 544,676	$ 552,459	$ 330,319	$ 813,024	$ 157,045	$ 3,448,795

NOTE 4—LONG-TERM DEBT (CONTINUED)

Issue	2023	2024	2025	2026	2027	2028-2032	2033-2034	Total
INTEREST								
General Obligation Bonds								
Series 2015-A	$ 14,838	$ 13,538	$ 12,138	$ 10,388	$ 8,638	$ 13,763	$ -	$ 73,303
Series 2020-A	27,540	21,765	15,730	9,343	2,683	-	-	77,061
Revolving Loans								
KPWS Loan Fund - 2791	17,267	15,966	14,636	13,276	11,886	37,459	4,105	114,595
KPWS Loan Fund - 2731	4,687	4,279	3,861	3,433	2,994	8,006	128	27,388
Lease Purchase Agreements								
Community First National Bank	9,593	8,655	7,688	6,690	5,660	11,673	-	49,959
TOTAL INTEREST	$ 73,925	$ 64,203	$ 54,053	$ 43,130	$ 31,861	$ 70,901	$ 4,233	$ 342,306
TOTAL PRINCIPAL AND INTEREST	$ 593,238	$ 596,162	$ 598,729	$ 595,589	$ 362,180	$ 883,925	$ 161,278	$ 3,791,101

The City entered into a KWPCRF loan agreement, Project No. C20 2052 01, with the Kansas Department of Health and Environment in the amount of $3,391,670. Drawdowns of $2,763,712 were received during 2022; additional drawdowns will be received during 2023. Interest in the amount of $11,957 was paid in 2022. Semiannual payments of $108,670 will begin September 1, 2023 and will end March 1, 2043.

The City entered into a KPWS loan agreement, Project No. 3057, with the Kansas Department of Health and Environment in the amount of $4,570,000. Drawdowns of $2,024,602 were received during 2022; additional drawdowns will be received during 2023. Interest in the amount of $2,472 was paid in 2022. Semiannual payments in the amount of $130,114 will begin February 1, 2024 and will end August 1, 2043.

NOTE 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 the Comprehensive Annual Financial Report, which can be found on the KPERS Website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

NOTE 5—DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 6.00% 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, 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 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were $380,976 for the year ended December 31, 2022.

Net Pension Liability

At December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS was $4,058,453. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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 nonemployer contributions of the Local subgroup within KPERS. Since the *Kansas Municipal Audit and Accounting Guide* regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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.kpers.org or can be obtained as described above.

NOTE 6—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 premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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

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 is set at 1% for the year ended December 31, 2022.

Compensated Absences and Other Employee Benefits

Prior to January 1, 1988, the City's policy regarding vacation permitted employees to accumulate and carry over to the following year a maximum of 60 working days of vacation.

NOTE 6—OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONTINUED)

Compensated Absences and Other Employee Benefits (continued)

Effective January 1, 1988, the City froze all vacation carry over up to 60 days and established a new policy. Effective January 1, 2014, employees may carryover 160 hours of vacation on their anniversary each year.

Upon resignation or retirement, employees are entitled to payment of accumulated current vacation leave, plus all frozen vacation leave.

The City's prior policy regarding sick pay allowed employees to accumulate unlimited sick leave days. Effective January 1, 1988, the City froze all accumulated sick leave over 100 days. Any days accumulated up to 100 days were carried over with the City's new policy. Under the post 1988 policy, employees may accumulate up to 960 hours of sick leave, including frozen sick leave.

Retiring employees are compensated at a rate of 75% of current hourly rates for both frozen and post 1988 accruals. Post 1988 sick leave hours are limited to 160 hours and are only paid for amounts in excess of 80 hours. Sick leave is compensated at a rate of 100% of current hourly rate for deceased employees and 25% for terminated employees, using the same calculations described above to calculate eligible hours.

The accumulated vacation, sick leave, and comp time liability at December 31, 2022, is $198,375, $65,398, and $8,299, respectively.

The director of the Recreation Commission has a provision in his contract that states he is to receive 40 hours of vacation and sick leave per year. Any hours remaining at year end are lost. There is no potential liability at December 31, 2022.

NOTE 7—INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund	To Fund	Authority	Amount
General	Industrial Development	K.S.A. 12-197	$ 36,046
General	Capital Improvement	K.S.A. 12-1,118	501,525
General	Equipment Reserve	K.S.A. 12-1,117	445,687
Electric	General	K.S.A. 12-825d	450,000
Electric	Personnel Benefits	K.S.A. 12-825d	624,000
Water	Personnel Benefits	K.S.A. 12-825d	366,000
Water	Bond and Interest	K.S.A. 12-825d	458,970
Water	General	K.S.A. 12-825d	120,000
Water	Water Depreciation Reserve	K.S.A. 12-825d	350,000
Wastewater	General	K.S.A. 12-825d	110,000
Wastewater	Personnel Benefits	K.S.A. 12-825d	102,000
Wastewater	Wastewater Replacement	K.S.A. 12-631o	400,000
Sanitation	General	K.S.A. 12-825d	90,000
Sanitation	Personnel Benefits	K.S.A. 12-825d	128,000
Electric	Electric Depreciation Reserve	K.S.A. 12-825d	1,500,000
Sanitation	Sanitation Reserve	K.S.A. 12-825d	70,000
Johnson Trust	Historic Park Improvements	K.S.A. 12-6a16	100,000
General	Airport	K.S.A. 12-197	98

NOTE 8—CLAIMS AND JUDGMENT

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.

The City is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage for 2022, and settled claims from these risks have not exceeded commercial insurance coverage. The City's electrical distribution system is not insured.

NOTE 9—JOINT VENTURE

In June of 1995, the cities of Hays and Russell entered into an agreement to share in the purchase and management of the Circle K Ranch and attendant water rights. The City paid $619,440, allocated $159,444 for land, water rights $323,410, and $136,586 for buildings, equipment, and improvements. Subsequent to that agreement, the Public Wholesale Water Supply District No. 15 was created with the City providing for a sharing of expenses and income on an 82% to 18% ratio. The Public Wholesale Water Supply District No. 15 was formed for the development of water supply sources and projects related directly thereto.

The City paid $1,149 in February 2022, for their share of the 2021 net expenses. In 2021, the City paid $4,629 for their share of the 2020 net expenses.

NOTE 10—CAPITAL PROJECTS

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

	Project Authorization	Expenditures to Date
South Fossil expansion	$ 3,603,228	$ 300,197
Sewer Lagoon Rehabilitation	$ 3,671,848	$ 3,436,102
Water Plant A Rehabilitation	$ 4,905,499	$ 2,679,626
West Wichita Avenue Street improvements	$ 720,600	$ -

The West Wichita Avenue Street improvements are to be funded in part by a $360,300 Community Development Block Grant 22-PF-011.

NOTE 11—RELATED PARTY TRANSACTIONS

In the ordinary course of business, the City has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the City.

CITY OF RUSSELL, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credit	Total Budget for Comparison	Expenditures Chargeable to Current Year Budget	Over (Under) Budget
GENERAL FUND	$ 5,463,447	$ -	$ 5,463,447	$ 4,007,356	$ (1,456,091)
SPECIAL PURPOSE FUNDS					
Airport	162,690	-	162,690	70,417	(92,273)
Industrial	158,470	-	158,470	154,350	(4,120)
Special Highway	260,645	-	260,645	259,699	(946)
Library	160,000	-	160,000	157,019	(2,981)
Fire Equipment	94,889	-	94,889	60,798	(34,091)
Recreation	126,750	-	126,750	124,589	(2,161)
Personnel Benefits	2,045,360	-	2,045,360	1,868,757	(176,603)
Special Parks and Recreation	76,690	-	76,690	76,645	(45)
BOND AND INTEREST FUND					
Bond and Interest	458,970	-	458,970	458,970	-
BUSINESS FUNDS					
Electric	15,497,194	-	15,497,194	12,435,241	(3,061,953)
Water	3,799,306	-	3,799,306	2,859,364	(939,942)
Wastewater	1,371,260	-	1,371,260	881,346	(489,914)
Sanitation	890,907	-	890,907	641,154	(249,753)
RELATED MUNICIPAL ENTITY					
Russell Recreation Commission	321,400	-	321,400	230,081	(91,319)

CITY OF RUSSELL, KANSAS

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Taxes				
Ad valorem	$ 1,112,353	$ 971,380	$ 1,015,426	$ (44,046)
Delinquent	46,818	32,060	-	32,060
Motor vehicle	158,544	188,539	190,124	(1,585)
Recreational vehicle	4,772	6,258	6,449	(191)
16/20M vehicle	2,007	2,716	3,103	(387)
Neighborhood revitalization rebate	(27,784)	(23,392)	(22,938)	(454)
County sales	210,021	247,812	200,000	47,812
Local sales	467,401	514,949	400,000	114,949
Total taxes	1,974,132	1,940,322	1,792,164	148,158
Intergovernmental				
Liquor tax	16,591	17,387	10,827	6,560
State Highway Connecting Links	43,370	43,400	30,000	13,400
State of Kansas KDOT Grant	70,470	60,235	42,000	18,235
Federal and state FEMA	1,119	21,138	-	21,138
County 911 reimbursement	292,419	265,572	330,950	(65,378)
Total intergovernmental	423,969	407,732	413,777	(6,045)
Licenses and permits				
Franchise tax	172,282	202,181	150,000	52,181
Licenses	20,474	33,687	49,800	(16,113)
Permits	10,872	18,020	-	18,020
Total licenses and permits	203,628	253,888	199,800	54,088
Fines and forfeitures				
Fines and court fees	33,346	36,744	35,000	1,744
Uses of money and property				
Interest earned	4,048	6,865	8,000	(1,135)
Royalties	284	713	200	513
Total uses of money and property	4,332	7,578	8,200	(622)
Miscellaneous revenue				
Weed abatement fees	2,619	5,639	2,000	3,639
General transportation fares	10,812	12,619	12,000	619
Golf course fees - membership	73,669	96,202	63,200	33,002
Cemetery receipts	9,250	11,449	8,500	2,949
Reimbursed expense	252	379	5,000	(4,621)
Impound fees	2,041	150	1,500	(1,350)
Swimming pool	25,706	27,842	24,000	3,842
Structure removal fees	-	8,621	-	8,621
Other grants	1,996	339,995	335,499	4,496
Miscellaneous receipts	22,015	30,087	15,000	15,087
Total miscellaneous revenue	148,360	532,983	466,699	66,284
Operating transfers	770,000	770,000	770,000	-
TOTAL RECEIPTS	3,557,767	3,949,247	$ 3,685,640	$ 263,607

CITY OF RUSSELL, KANSAS

GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-1
Page 2 of 2

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
EXPENDITURES				
Mayor/Council	$ 68,093	$ 70,505	$ 77,225	$ (6,720)
City Manager	158,837	138,669	134,030	4,639
City Clerk	206,770	174,460	184,448	(9,988)
Transportation	64,091	71,905	70,141	1,764
Police department	563,754	587,642	612,766	(25,124)
Public works, inspection	50,364	52,500	59,755	(7,255)
Fire department	178,128	188,543	196,004	(7,461)
Municipal Court	44,408	49,725	61,835	(12,110)
911 dispatch	466,932	506,137	551,582	(45,445)
Building, planning, and zoning	157,865	194,414	197,771	(3,357)
Street department	369,865	392,208	383,663	8,545
Golf course	191,634	194,524	198,462	(3,938)
Swimming pool	87,868	96,246	119,568	(23,322)
Park department	248,057	243,036	276,220	(33,184)
Deines Cultural Center	56,194	54,047	54,165	(118)
Armory	6,337	9,439	10,500	(1,061)
Capital improvements	-	-	1,300,000	(1,300,000)
Operating transfers	443,861	983,356	975,312	8,044
TOTAL EXPENDITURES	3,363,058	4,007,356	$ 5,463,447	$ (1,456,091)
RECEIPTS OVER (UNDER) EXPENDITURES	194,709	(58,109)		
UNENCUMBERED CASH, BEGINNING	1,765,635	1,971,987		
PRIOR YEAR CANCELLED ENCUMBRANCES	11,643	3,747		
UNENCUMBERED CASH, ENDING	$ 1,971,987	$ 1,917,625		

CITY OF RUSSELL, KANSAS

AIRPORT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-2

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Taxes				
Ad valorem	$ 26,656	$ 26,028	$ 27,222	$ (1,194)
Delinquent	1,632	873	-	873
Motor vehicle	7,498	5,193	4,557	636
Recreational vehicle	228	163	154	9
16/20M vehicle	57	135	74	61
Neighborhood revitalization rebate	(671)	(639)	(615)	(24)
Rental	9,837	4,338	8,000	(3,662)
Fuel sales	22,756	24,846	15,000	9,846
Interest income	95	359	100	259
Grants	-	16,000	-	16,000
Operating transfers	139	98	100	(2)
TOTAL RECEIPTS	68,227	77,394	$ 54,592	$ 22,802
EXPENDITURES				
Telephone	417	412	$ 500	$ (88)
Insurance	7,978	7,952	8,460	(508)
Dues and subscriptions	240	60	150	(90)
Professional services	1,331	1,604	1,000	604
Printing and advertising	-	-	100	(100)
Operating supplies	-	-	500	(500)
Repairs and maintenance	1,934	4,492	2,500	1,992
Fuel for resale	25,216	23,147	20,000	3,147
Sales tax expense	2,027	1,971	1,800	171
Credit card fees	2,794	3,461	3,000	461
Office supplies	-	134	100	34
Capital Improvement	225	27,184	124,580	(97,396)
Transfer to - Airport Improvement	6,762	-	-	-
TOTAL EXPENDITURES	48,924	70,417	$ 162,690	$ (92,273)
RECEIPTS OVER (UNDER) EXPENDITURES	19,303	6,977		
UNENCUMBERED CASH, BEGINNING	89,984	109,287		
UNENCUMBERED CASH, ENDING	$ 109,287	$ 116,264		

CITY OF RUSSELL, KANSAS

INDUSTRIAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-3

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Taxes				
Ad valorem	$ 3,272	$ 26,029	$ 27,214	$ (1,185)
Delinquent	729	248	-	248
Motor vehicle	4,010	1,228	558	670
Recreational vehicle	124	32	19	13
16/20M vehicle	-	78	9	69
Neighborhood revitalization rebate	(86)	(627)	(615)	(12)
Grants	81,275	68,725	-	68,725
Interest income	80	1,155	250	905
Reimbursed expense	840	10,012	-	10,012
Capital sales proceeds	4,838	-	-	-
Operating transfers	32,718	36,047	28,000	8,047
TOTAL RECEIPTS	127,800	142,927	$ 55,435	$ 87,492
EXPENDITURES				
Dues, subscriptions, and licenses	721	-	$ 1,000	$ (1,000)
Repairs and maintenance	455	-	-	-
Professional fees	16,580	5,162	10,000	(4,838)
Printing and advertising	6,108	9,863	5,000	4,863
Economic development incentive	81,635	126,825	129,970	(3,145)
Economic development	1,250	12,500	12,500	-
TOTAL EXPENDITURES	106,749	154,350	$ 158,470	$ (4,120)
RECEIPTS OVER (UNDER) EXPENDITURES	21,051	(11,423)		
UNENCUMBERED CASH, BEGINNING	78,383	99,434		
UNENCUMBERED CASH, ENDING	$ 99,434	$ 88,011		

CITY OF RUSSELL, KANSAS

SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-4

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Fuel tax	$ 127,807	$ 118,604	$ 121,110	$ (2,506)
Interest income	162	663	160	503
TOTAL RECEIPTS	127,969	119,267	$ 121,270	$ (2,003)
EXPENDITURES				
Street materials	-	-	$ 78,000	$ (78,000)
Professional services	4,500	258,155	101,345	156,810
Operating supplies	750	1,544	-	1,544
Capital outlay	73,065	-	81,300	(81,300)
TOTAL EXPENDITURES	78,315	259,699	$ 260,645	$ (946)
RECEIPTS OVER (UNDER) EXPENDITURES	49,654	(140,432)		
UNENCUMBERED CASH, BEGINNING	115,321	164,975		
UNENCUMBERED CASH, ENDING	$ 164,975	$ 24,543		

CITY OF RUSSELL, KANSAS

LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-5

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Taxes				
Ad valorem	$ 127,897	$ 132,831	$ 138,860	$ (6,029)
Delinquent	6,641	4,067	-	4,067
Motor vehicle	22,122	22,221	21,862	359
Recreational vehicle	662	730	742	(12)
16/20M vehicle	344	368	357	11
Neighborhood revitalization rebate	(3,198)	(3,198)	(3,137)	(61)
TOTAL RECEIPTS	154,468	157,019	$ 158,684	$ (1,665)
EXPENDITURES				
Library appropriation	157,796	157,019	$ 160,000	$ (2,981)
RECEIPTS OVER (UNDER) EXPENDITURES	(3,328)	-		
UNENCUMBERED CASH, BEGINNING	3,328	-		
UNENCUMBERED CASH, ENDING	$ -	$ -		

CITY OF RUSSELL, KANSAS

FIRE EQUIPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-6

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Taxes				
Ad valorem	$ 23,168	$ 26,081	$ 27,233	$ (1,152)
Delinquent	1,337	769	592	177
Motor vehicle	4,659	4,127	3,961	166
Recreational vehicle	139	134	135	(1)
16/20M vehicle	74	77	65	12
Neighborhood revitalization rebate	(580)	(629)	(615)	(14)
Interest income	106	251	100	151
Miscellaneous income	-	-	3,000	(3,000)
Grants	2,250	4,400	3,400	1,000
TOTAL RECEIPTS	31,153	35,210	$ 37,871	$ (2,661)
EXPENDITURES				
Capital expenses - equipment	12,756	60,798	$ 94,889	$ (34,091)
RECEIPTS OVER (UNDER) EXPENDITURES	18,397	(25,588)		
UNENCUMBERED CASH, BEGINNING	56,452	74,849		
UNENCUMBERED CASH, ENDING	$ 74,849	$ 49,261		

CITY OF RUSSELL, KANSAS

RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-7

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Taxes				
Ad valorem	$ 107,144	$ 104,140	$ 108,875	$ (4,735)
Delinquent	5,574	3,387	-	3,387
Motor vehicle	18,519	18,623	18,314	309
Recreational vehicle	555	612	621	(9)
16/20M vehicle	281	309	299	10
Miscellaneous income	-	30	-	30
Neighborhood revitalization rebate	(2,680)	(2,512)	(2,459)	(53)
TOTAL RECEIPTS	129,393	124,589	$ 125,650	$ (1,061)
EXPENDITURES				
Recreation appropriation	132,287	124,589	$ 126,750	$ (2,161)
RECEIPTS OVER (UNDER) EXPENDITURES	(2,894)	-		
UNENCUMBERED CASH, BEGINNING	2,894	-		
UNENCUMBERED CASH, ENDING	$ -	$ -		

CITY OF RUSSELL, KANSAS

PERSONNEL BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-8

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Taxes				
Ad valorem	$ 265,518	$ 336,934	$ 352,215	$ (15,281)
Delinquent	26,342	12,112	-	12,112
Motor vehicle	84,446	51,089	46,703	4,386
Recreational vehicle	2,261	1,631	1,585	46
16/20M vehicle	1,877	1,161	762	399
Neighborhood revitalization rebate	(6,858)	(8,158)	(7,957)	(201)
Reimbursed expenses	127,715	56,694	132,573	(75,879)
Interest income	497	1,089	2,500	(1,411)
Miscellaneous revenue	41	13,738	-	13,738
Operating transfers	1,022,000	1,220,000	1,220,000	-
TOTAL RECEIPTS	1,523,839	1,686,290	$ 1,748,381	$ (62,091)
EXPENDITURES				
Blue Cross/Blue Shield	1,011,430	1,001,926	$ 1,128,000	$ (126,074)
Social Security - Medicare	308,402	332,420	345,000	(12,580)
KPERS	371,019	402,679	421,000	(18,321)
Workers' compensation	90,486	122,411	120,000	2,411
Unemployment insurance	5,915	4,881	30,000	(25,119)
Dues, fees, and subscriptions	(251)	4,054	1,000	3,054
Other insurance	-	386	360	26
TOTAL EXPENDITURES	1,787,001	1,868,757	$ 2,045,360	$ (176,603)
RECEIPTS OVER (UNDER) EXPENDITURES	(263,162)	(182,467)		
UNENCUMBERED CASH, BEGINNING	616,561	353,399		
UNENCUMBERED CASH, ENDING	$ 353,399	$ 170,932		

CITY OF RUSSELL, KANSAS

SPECIAL PARKS AND RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-9

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Liquor tax	$ 16,591	$ 17,387	$ 15,000	$ 2,387
Interest income	67	58	70	(12)
TOTAL RECEIPTS	16,658	17,445	$ 15,070	$ 2,375
EXPENDITURES				
Capital outlay	4,908	76,645	$ 76,690	$ (45)
RECEIPTS OVER (UNDER) EXPENDITURES	11,750	(59,200)		
UNENCUMBERED CASH, BEGINNING	68,133	79,883		
UNENCUMBERED CASH, ENDING	$ 79,883	$ 20,683		

CITY OF RUSSELL, KANSAS

CAPITAL IMPROVEMENTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-10

	2022	2021
RECEIPTS		
Interest income	$ 1,913	$ 1,176
Grants	454,811	439,280
Reimbursement	-	1,202
Golf course fees	8,175	9,850
Operating transfers	501,525	326,872
TOTAL RECEIPTS	966,424	778,380
EXPENDITURES		
Administration	-	225
Airport	1,400	30,000
Fire	1,829	-
Police	6,666	-
Community development	-	73
Street department	2,721,575	1,716,035
Golf course	19,983	8,909
Swimming pool	40,292	27,868
Parks	154,872	12,000
TOTAL EXPENDITURES	2,946,617	1,795,110
RECEIPTS OVER (UNDER) EXPENDITURES	(1,980,193)	(1,016,730)
UNENCUMBERED CASH, BEGINNING	243,011	1,259,741
PRIOR YEAR CANCELLED ENCUMBRANCES	88,697	-
UNENCUMBERED CASH, ENDING	$ (1,648,485)	$ 243,011

CITY OF RUSSELL, KANSAS

EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-11

	2022	2021
RECEIPTS		
Interest income	$ 605	$ 266
Sale of assets	-	800
Operating transfers	445,687	84,132
TOTAL RECEIPTS	446,292	85,198
EXPENDITURES		
Police department	38,884	56,799
Administration	-	3,950
Fire	39,131	43,243
Street	42,020	28,731
TOTAL EXPENDITURES	120,035	132,723
RECEIPTS OVER (UNDER) EXPENDITURES	326,257	(47,525)
UNENCUMBERED CASH, BEGINNING	176,357	223,582
PRIOR YEAR CANCELLED ENCUMBRANCES	120	300
UNENCUMBERED CASH, ENDING	$ 502,734	$ 176,357

CITY OF RUSSELL, KANSAS

RISK MANAGEMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-12

	2022	2021
RECEIPTS		
Interest income	$ 41	$ 14
EXPENDITURES		
Streets	2,843	-
Police	-	133
TOTAL EXPENDITURES	2,843	133
RECEIPTS OVER (UNDER) EXPENDITURES	(2,802)	(119)
UNENCUMBERED CASH, BEGINNING	17,271	16,535
PRIOR YEAR CANCELLED ENCUMBRANCES	-	855
UNENCUMBERED CASH, ENDING	$ 14,469	$ 17,271

CITY OF RUSSELL, KANSAS

BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-13

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Taxes				
Delinquent	$ 2	$ -	$ -	$ -
Interest income	83	312	100	212
Operating transfers	460,752	458,970	458,970	-
TOTAL RECEIPTS	460,837	459,282	$ 459,070	$ 212
EXPENDITURES				
Bond principal	405,000	410,000	$ 410,000	$ -
Interest coupons	55,313	48,970	48,970	-
TOTAL EXPENDITURES	460,313	458,970	$ 458,970	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	524	312		
UNENCUMBERED CASH, BEGINNING	111,542	112,066		
UNENCUMBERED CASH, ENDING	$ 112,066	$ 112,378		

CITY OF RUSSELL, KANSAS

HISTORIC PARK IMPROVEMENTS
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-14

	2022	2021
RECEIPTS		
Grant	$ 311,302	$ -
Operating transfers	100,000	-
TOTAL RECEIPTS	411,302	-
EXPENDITURES	365,313	-
RECEIPTS OVER (UNDER) EXPENDITURES	45,989	-
UNENCUMBERED CASH, BEGINNING	-	-
UNENCUMBERED CASH, ENDING	$ 45,989	$ -

CITY OF RUSSELL, KANSAS

HOLLAND HOTEL IMPROVEMENT PROJECT
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-15

	2022	2021
RECEIPTS		
Grant	$ 1,000,000	$ -
Interest income	1,002	-
TOTAL RECEIPTS	1,001,002	-
EXPENDITURES	50,000	-
RECEIPTS OVER (UNDER) EXPENDITURES	951,002	-
UNENCUMBERED CASH, BEGINNING	-	-
UNENCUMBERED CASH, ENDING	$ 951,002	$ -

CITY OF RUSSELL, KANSAS

AIRPORT IMPROVEMENT PROJECT
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-16

	2022	2021
RECEIPTS		
Grant	$ -	$ 589,685
Operating transfers	-	6,763
TOTAL RECEIPTS	-	596,448
EXPENDITURES	-	-
RECEIPTS OVER (UNDER) EXPENDITURES	-	596,448
UNENCUMBERED CASH, BEGINNING	-	(596,448)
UNENCUMBERED CASH, ENDING	$ -	$ -

CITY OF RUSSELL, KANSAS

JOHNSON TRUST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-17

	2022	2021
RECEIPTS		
Trust distributions	$ 275,035	$ 308,083
Miscellaneous	5,000	-
Interest income	2,658	902
TOTAL RECEIPTS	282,693	308,985
EXPENDITURES		
Operating supplies	-	15,000
Professional services	7,025	-
Capital expense	333	477,700
Operating transfers	100,000	-
TOTAL EXPENDITURES	107,358	492,700
RECEIPTS OVER (UNDER) EXPENDITURES	175,335	(183,715)
UNENCUMBERED CASH, BEGINNING	719,652	903,367
PRIOR YEAR CANCELLED ENCUMBRANCES	1,284	-
UNENCUMBERED CASH, ENDING	$ 896,271	$ 719,652

CITY OF RUSSELL, KANSAS

DEINES CENTER TRUST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-18

	2022	2021
RECEIPTS		
Interest income	$ 60	$ 20
EXPENDITURES	3,105	-
RECEIPTS OVER (UNDER) EXPENDITURES	(3,045)	20
UNENCUMBERED CASH, BEGINNING	25,086	25,066
UNENCUMBERED CASH, ENDING	$ 22,041	$ 25,086

CITY OF RUSSELL, KANSAS

HEALTH INSURANCE TRUST
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-19

	2022	2021
RECEIPTS		
Health insurance contribution	$ 1,000,049	$ 1,010,175
Reimbursed expense	140,611	147,541
TOTAL RECEIPTS	1,140,660	1,157,716
EXPENDITURES	1,225,559	1,184,634
RECEIPTS OVER (UNDER) EXPENDITURES	(84,899)	(26,918)
UNENCUMBERED CASH, BEGINNING	316,940	343,858
UNENCUMBERED CASH, ENDING	$ 232,041	$ 316,940

CITY OF RUSSELL, KANSAS

DONATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-20

	2022	2021
RECEIPTS		
Donations	$ 4,913	$ -
EXPENDITURES		
Operating supplies	749	186
Maintenance/trees	2	-
Capital expense	-	750
TOTAL EXPENDITURES	751	936
RECEIPTS OVER (UNDER) EXPENDITURES	4,162	(936)
UNENCUMBERED CASH, BEGINNING	10,125	11,061
UNENCUMBERED CASH, ENDING	$ 14,287	$ 10,125

CITY OF RUSSELL, KANSAS

ELECTRIC FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-21
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	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Sale of electricity	$ 8,812,068	$ 9,396,502	$ 8,500,000	$ 896,502
Energy cost adjustment	-	377,499	-	377,499
Late payment penalty	10,556	15,239	8,000	7,239
Reimbursed expense	17	1,868	-	1,868
Customer deposits	2,116	-	-	-
Bad debt collections	150	7	-	7
Rent income	-	10,005	-	10,005
Sales tax	-	6,026	-	6,026
Interest income	7,325	19,443	7,000	12,443
Miscellaneous revenue	56,722	135,866	-	135,866
TOTAL RECEIPTS	8,888,954	9,962,455	$ 8,515,000	$ 1,447,455
EXPENDITURES				
General and administrative				
Personnel salaries	177,718	247,898	$ 225,600	$ 22,298
Accrued leave buy back	250	70	320	(250)
Telephone	1,199	1,120	1,200	(80)
Postage	7,587	7,749	7,000	749
Insurance	717	955	800	155
Fuel and oil	53	-	1,000	(1,000)
Professional services	21,102	31,424	35,000	(3,576)
Dues and subscriptions	17,806	17,583	20,000	(2,417)
Sales tax	2,173	-	2,500	(2,500)
Training and seminars	13,806	7,488	15,000	(7,512)
Printing and advertising	32	340	1,000	(660)
Interest on consumer deposits	58	21	70	(49)
Supplies	1,841	1,119	250	869
Operating supplies	-	-	500	(500)
Consumer deposits refunded	-	32,278	-	32,278
Office supplies	55	85	250	(165)
Repairs and maintenance	10,765	248	250	(2)
Apparatus and tools	959	56	12,000	(11,944)
Armory utilities	2,881	1,264	3,500	(2,236)
Capital expense - equipment	1,698	4,046	4,190,454	(4,186,408)
Total general and administrative	260,700	353,744	4,516,694	(4,162,950)

CITY OF RUSSELL, KANSAS

ELECTRIC FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-21
Page 2 of 3

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
EXPENDITURES (CONTINUED)				
Production				
Personnel salaries	$ 428,879	$ 422,479	$ 438,000	$ (15,521)
Overtime salaries	15,895	10,764	13,000	(2,236)
Accrued leave buy back	708	890	2,000	(1,110)
Telephone	4,636	4,449	5,000	(551)
Postage	39	-	100	(100)
Natural gas	5,561	3,114	3,000	114
Insurance	167,649	175,390	170,000	5,390
Dues and subscription	24,683	1,294	5,500	(4,206)
Training and seminars	272	3,931	5,000	(1,069)
Professional services	9,398	18,016	30,000	(11,984)
Printing and advertising	209	178	250	(72)
Compensating use tax	889	1,458	-	1,458
Operating supplies	779	1,217	2,500	(1,283)
Repairs and maintenance	30,695	66,430	120,000	(53,570)
Generation fuel and oil	76,842	54,374	25,000	29,374
Natural gas	5,722	266,067	25,000	241,067
Turbine maintenance	19,957	31,285	60,000	(28,715)
Transport natural gas - turbines	18,259	61,320	25,000	36,320
Purchased power	5,624,789	6,674,447	6,500,000	174,447
Chemicals	14,718	11,122	30,000	(18,878)
Fuel and oil	2,517	1,914	3,000	(1,086)
Apparatus and tools	3,423	4,557	8,000	(3,443)
Office supplies	1,976	929	1,500	(571)
Uniforms	4,410	884	3,500	(2,616)
Transport downtown power plant	1,524	2,038	3,000	(962)
Capital expenditures - equipment	-	155	-	155
Total production	6,464,429	7,818,702	7,478,350	340,352
Transportation and distribution				
Personnel salaries	492,557	571,438	675,500	(104,062)
Overtime salaries	2,288	2,445	13,000	(10,555)
Accrued leave buy back	28	56	350	(294)
Telephone	1,454	1,019	1,600	(581)
Natural gas	2,959	5,465	3,800	1,665
Postage	217	214	200	14
Insurance	15,975	18,979	16,500	2,479

CITY OF RUSSELL, KANSAS

ELECTRIC FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
EXPENDITURES (CONTINUED)				
Transportation and distribution (continued)				
Dues and subscriptions	$ 11,677	$ 22,944	$ 8,000	$ 14,944
Training and seminars	8,452	10,886	7,000	3,886
Professional services	41,212	21,013	50,000	(28,987)
Printing and advertising	335	271	150	121
Compensating use tax	13,485	18,181	16,000	2,181
Operating supplies	2,721	2,565	10,000	(7,435)
Repairs and maintenance	328,201	969,005	100,000	869,005
Chemicals	-	-	600	(600)
Lease/rent	-	625	700	(75)
Fuel and oil	12,291	23,807	12,000	11,807
Apparatus and tools	3,804	14,540	7,500	7,040
Office supplies	50	360	250	110
Uniforms	7,901	4,982	5,000	(18)
Total transportation and distribution	945,607	1,688,795	928,150	760,645
Operating transfers				
Transfer to:				
Personnel Benefits Fund	500,000	624,000	624,000	-
General Fund	450,000	450,000	450,000	-
Electric Depreciation Reserve Fund	350,000	1,500,000	1,500,000	-
Total operating transfers	1,300,000	2,574,000	2,574,000	-
TOTAL EXPENDITURES	8,970,736	12,435,241	$ 15,497,194	$ (3,061,953)
RECEIPTS OVER (UNDER) EXPENDITURES	(81,782)	(2,472,786)		
UNENCUMBERED CASH, BEGINNING	7,604,017	7,539,864		
PRIOR YEAR CANCELLED ENCUMBRANCES	17,629	22,553		
UNENCUMBERED CASH, ENDING	$ 7,539,864	$ 5,089,631		

CITY OF RUSSELL, KANSAS

ELECTRIC DEPRECIATION RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-22

	2022	2021
RECEIPTS		
Interest income	$ 5,766	$ 1,741
Environmental surcharge rider	52,818	46,230
Operating transfers	1,500,000	350,000
TOTAL RECEIPTS	1,558,584	397,971
EXPENDITURES		
Capital outlay	2,156,074	125,457
RECEIPTS OVER (UNDER) EXPENDITURES	(597,490)	272,514
UNENCUMBERED CASH, BEGINNING	2,156,668	1,884,154
UNENCUMBERED CASH, ENDING	$ 1,559,178	$ 2,156,668

CITY OF RUSSELL, KANSAS

WATER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Consumer sales	$ 2,460,985	$ 3,067,229	$ 2,290,000	$ 777,229
State water fee	6,421	7,833	8,000	(167)
Late payment penalty	4,387	8,453	3,000	5,453
Water main tap fees	6,149	-	-	-
Interest income	1,878	5,938	2,500	3,438
Bad debt	1,662	-	-	-
Customer deposits	342	2,678	-	2,678
Sales tax	-	10	-	10
Miscellaneous revenue	13,663	27,216	13,000	14,216
TOTAL RECEIPTS	2,495,487	3,119,357	$ 2,316,500	$ 802,857
EXPENDITURES				
General and administrative				
Postage	4,579	4,650	$ 4,600	$ 50
Compensating use tax	93	-	-	-
Professional services	13,510	19,831	15,000	4,831
Training	6,346	10,041	7,000	3,041
Repairs and maintenance	636	200	-	200
Printing and advertising	420	-	-	-
Dues and subscriptions	4,983	3,996	8,000	(4,004)
Interest on consumer deposits	29	18	-	18
Office supplies	12	-	-	-
Principal payments	71,470	73,103	73,104	(1)
Interest payments	25,259	26,097	23,626	2,471
Consumer deposits refunded	14	-	-	-
Armory utilities	235	129	280	(151)
Apparatus and tools	302	-	-	-
Capital expense - equipment	-	-	955,026	(955,026)
Bad debt expense	-	18,919	4,000	14,919
Total general and administrative	127,888	156,984	1,090,636	(933,652)

CITY OF RUSSELL, KANSAS

WATER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-23
Page 2 of 3

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
EXPENDITURES (CONTINUED)				
Production				
Personnel salaries	$ 342,921	$ 431,785	$ 424,500	$ 7,285
Overtime salaries	6,426	5,541	13,000	(7,459)
Accrued leave buy back	63	133	300	(167)
Telephone	1,367	1,867	1,500	367
Postage	1,808	517	9,000	(8,483)
Natural gas	7,156	20,038	6,500	13,538
Electric services	25,006	45,360	35,000	10,360
Insurance	52,690	62,902	55,000	7,902
Dues and subscription	3,397	3,783	2,500	1,283
Training and seminars	953	3,675	2,000	1,675
Professional services	21,793	11,318	23,000	(11,682)
Printing and advertising	29	102	100	2
State water fees	6,444	7,386	8,500	(1,114)
Operating supplies	5,526	4,817	10,000	(5,183)
Clean drinking water fee	6,041	6,925	8,000	(1,075)
Repairs and maintenance	112,709	146,060	145,000	1,060
Chemicals	158,996	219,439	290,000	(70,561)
Fuel and oil	2,525	3,907	4,000	(93)
Apparatus and tools	1,364	815	1,500	(685)
Office supplies	1,150	992	1,000	(8)
Uniforms	2,302	2,527	3,000	(473)
Lease and rent	88,533	89,036	90,000	(964)
R-9 Ranch expenses	4,629	1,149	7,000	(5,851)
Total production	853,828	1,070,074	1,140,400	(70,326)

CITY OF RUSSELL, KANSAS

WATER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
EXPENDITURES (CONTINUED)				
Transportation and distribution				
Personnel salaries	$ 225,666	$ 251,547	$ 244,000	$ 7,547
Part-time salaries	978	-	-	-
Overtime salaries	5,693	6,409	6,000	409
Accrued leave buy back	-	-	200	(200)
Telephone	2,869	2,748	2,500	248
Natural gas	1,434	4,148	2,000	2,148
Insurance	7,332	7,945	9,000	(1,055)
Dues and subscriptions	11,987	21,297	6,500	14,797
Training and seminars	294	3,345	1,500	1,845
Professional services	3,237	3,531	2,900	631
Printing and advertising	29	144	100	44
Operating supplies	451	75	500	(425)
Repairs and maintenance	16,458	22,615	30,000	(7,385)
Fuel and oil	5,032	8,497	10,000	(1,503)
Apparatus and tools	304	685	2,000	(1,315)
Office supplies	100	150	100	50
Uniforms	1,864	1,984	2,500	(516)
Capital expense	-	2,216	3,500	(1,284)
Total transportation and distribution	283,728	337,336	323,300	14,036
Operating transfers	1,220,752	1,294,970	1,244,970	50,000
TOTAL EXPENDITURES	2,486,196	2,859,364	$ 3,799,306	$ (939,942)
RECEIPTS OVER (UNDER) EXPENDITURES	9,291	259,993		
UNENCUMBERED CASH, BEGINNING	1,874,612	1,885,248		
PRIOR YEAR CANCELLED ENCUMBRANCES	1,345	32,767		
UNENCUMBERED CASH, ENDING	$ 1,885,248	$ 2,178,008		

CITY OF RUSSELL, KANSAS

WATER DEPRECIATION RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-24

	2022	2021
RECEIPTS		
Interest income	$ 543	$ 158
KDHE loan proceeds	2,024,602	-
Grants	-	530,510
Operating transfers	350,000	300,000
TOTAL RECEIPTS	2,375,145	830,668
EXPENDITURES		
Professional services	77,808	45,552
Printing and advertising	-	918
Conservation expenditures	200	600
Capital expenditures	4,908,526	699,256
TOTAL EXPENDITURES	4,986,534	746,326
RECEIPTS OVER (UNDER) EXPENDITURES	(2,611,389)	84,342
UNENCUMBERED CASH, BEGINNING	89,342	-
PRIOR YEAR CANCELLED ENCUMBRANCES	6,485	5,000
UNENCUMBERED CASH, ENDING	$ (2,515,562)	$ 89,342

CITY OF RUSSELL, KANSAS

WASTEWATER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-25

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Sewer use charge	$ 837,127	$ 918,632	$ 840,000	$ 78,632
Penalty	1,583	2,117	1,000	1,117
Sewer main tap fees	6,872	11,489	-	11,489
Bad debt	675	-	-	-
Grants	19,016	-	-	-
Reimbursed expense	-	31	-	31
Interest income	773	2,353	1,000	1,353
Miscellaneous revenue	1,691	2,103	2,000	103
TOTAL RECEIPTS	867,737	936,725	$ 844,000	$ 92,725
EXPENDITURES				
Personnel salaries	133,262	168,583	$ 208,000	$ (39,417)
Overtime salaries	3,357	4,198	5,000	(802)
Accrued leave buy back	31	101	350	(249)
Telephone	841	855	950	(95)
Postage	2,118	2,261	2,000	261
Natural gas	1,344	2,548	1,500	1,048
Insurance	6,456	7,931	5,000	2,931
Bad debt	-	6,482	1,000	5,482
Dues and subscriptions	8,355	2,326	4,000	(1,674)
Training and seminars	2,068	1,128	2,000	(872)
Professional services	5,242	8,226	6,000	2,226
Printing and advertising	63	73	500	(427)
Operating supplies	300	382	500	(118)
Repairs and maintenance	24,686	28,331	30,000	(1,669)
Chemicals	3,902	3,233	3,500	(267)
Fuel and oil	9,121	7,038	9,000	(1,962)
Apparatus and tools	1,280	916	1,500	(584)
Office supplies	427	1,733	550	1,183
Armory utilities	278	142	300	(158)
Uniforms	552	545	750	(205)
Principal payments	-	-	132,026	(132,026)
Interest payments	-	11,957	85,316	(73,359)
Capital expense	-	10,357	259,518	(249,161)
Operating transfers	705,000	612,000	612,000	-
TOTAL EXPENDITURES	908,683	881,346	$ 1,371,260	$ (489,914)
RECEIPTS OVER (UNDER) EXPENDITURES	(40,946)	55,379		
UNENCUMBERED CASH, BEGINNING	629,926	589,271		
PRIOR YEAR CANCELLED ENCUMBRANCES	291	7,720		
UNENCUMBERED CASH, ENDING	$ 589,271	$ 652,370		

CITY OF RUSSELL, KANSAS

WASTEWATER REPLACEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-26

	2022	2021
RECEIPTS		
Interest income	$ 1,449	$ 706
Loan proceeds	2,763,712	-
Operating transfers	400,000	510,000
TOTAL RECEIPTS	3,165,161	510,706
EXPENDITURES		
Capital outlay	3,526,098	571,975
RECEIPTS OVER (UNDER) EXPENDITURES	(360,937)	(61,269)
UNENCUMBERED CASH, BEGINNING	330,680	386,359
PRIOR YEAR CANCELLED ENCUMBRANCES	80,590	5,590
UNENCUMBERED CASH, ENDING	$ 50,333	$ 330,680

CITY OF RUSSELL, KANSAS

SANITATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-27
Page 1 of 2

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Consumer sales	$ 372,799	$ 401,771	$ 360,000	$ 41,771
Consumer sales - landfill	206,384	241,573	200,000	41,573
Bad debt	79	-	-	-
Sales tax	1,555	1,308	700	608
Polykart sales	11,435	10,445	6,000	4,445
Recycling sales	14,408	15,310	5,500	9,810
Penalty	1,542	1,959	1,000	959
Interest income	394	1,246	500	746
Miscellaneous revenue	10,251	6,008	3,000	3,008
TOTAL RECEIPTS	618,847	679,620	$ 576,700	$ 102,920
EXPENDITURES				
General and administrative				
Sales tax	1,325	1,396	$ 800	$ 596
Professional services	4,050	5,529	3,000	2,529
Operating supplies	-	33	-	33
Postage	1,517	1,550	1,500	50
Bad debt	-	-	1,000	(1,000)
Repairs and maintenance	-	-	500	(500)
Armory utilities	169	87	200	(113)
Dues, licenses, fees, and subscriptions	1,387	1,463	1,900	(437)
Total general and administrative	8,448	10,058	8,900	1,158
Sanitation				
Personnel salaries	172,178	187,003	230,500	(43,497)
Overtime salaries	1,209	805	800	5
Accrued leave buy back	31	31	400	(369)
Landfill charges	104,667	108,915	110,000	(1,085)
Training and seminars	1,044	1,733	2,000	(267)

CITY OF RUSSELL, KANSAS

SANITATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-27
Page 2 of 2

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
EXPENDITURES (CONTINUED)				
Sanitation (continued)				
Insurance	$ 5,327	$ 5,378	$ 6,000	$ (622)
Postage	-	40	-	40
Professional services	741	2,172	1,000	1,172
Printing and advertising	229	125	500	(375)
Operating supplies	17,898	11,257	15,000	(3,743)
Repairs and maintenance	8,487	5,082	8,000	(2,918)
Fuel and oil	12,269	19,257	15,000	4,257
Office supplies	150	75	100	(25)
Uniforms	1,132	1,223	1,300	(77)
Apparatus and tools	101	-	-	-
Capital expense	101	-	203,407	(203,407)
Total sanitation	325,564	343,096	594,007	(250,911)
Operating transfers	262,000	288,000	288,000	-
TOTAL EXPENDITURES	596,012	641,154	$ 890,907	$ (249,753)
RECEIPTS OVER (UNDER) EXPENDITURES	22,835	38,466		
UNENCUMBERED CASH, BEGINNING	352,243	375,313		
PRIOR YEAR CANCELLED ENCUMBRANCES	134	-		
UNENCUMBERED CASH, ENDING	$ 375,212	$ 413,779		

CITY OF RUSSELL, KANSAS

SANITATION RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-28

	2022	2021
RECEIPTS		
Interest income	$ 908	$ 245
Operating transfers	70,000	75,000
TOTAL RECEIPTS	70,908	75,245
EXPENDITURES		
Capital outlay	43,681	-
RECEIPTS OVER (UNDER) EXPENDITURES	27,227	75,245
UNENCUMBERED CASH, BEGINNING	333,583	258,338
UNENCUMBERED CASH, ENDING	$ 360,810	$ 333,583

CITY OF RUSSELL, KANSAS

RUSSELL RECREATION COMMISSION
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2022
(With Comparative Actual Totals For Prior Year Ended December 31, 2021)

Schedule 2-29

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Over (Under) Budget
RECEIPTS				
Tax appropriations	$ 132,287	$ 124,560	$ 132,140	$ (7,580)
Program fees	29,736	24,405	32,000	(7,595)
Concessions	3,760	3,831	6,000	(2,169)
Gate revenue	900	-	8,000	(8,000)
Tournament entry fees	-	-	10,000	(10,000)
Memberships	63,498	67,818	70,000	(2,182)
Recreation building - rentals	1,640	2,558	2,000	558
Other receipts	26,194	1,107	-	1,107
Interest on investments	190	33	-	33
TOTAL RECEIPTS	258,205	224,312	$ 260,140	$ (35,828)
EXPENDITURES				
Salaries				
Director	46,826	42,910	$ 50,000	$ (7,090)
Other	28,179	28,210	39,000	(10,790)
Concessions	2,548	2,295	3,000	(705)
Building	22,083	14,550	20,000	(5,450)
Program salaries	17,143	16,282	25,000	(8,718)
Grant salaries	-	245	-	245
Health insurance	4,563	5,335	3,750	1,585
KPERS contributions	7,618	7,090	4,920	2,170
Workers' compensation	-	-	530	(530)
Payroll tax	11,304	9,783	10,000	(217)
Unemployment tax	-	57	800	(743)
Accounting and reporting	6,038	6,308	8,000	(1,692)
Automobile expense	2,444	2,035	2,800	(765)
Awards	126	-	1,200	(1,200)
Concession				
Products	3,317	2,490	5,500	(3,010)
Sales tax	326	40	-	40
Insurance	8,929	8,876	6,700	2,176
Memorial Park				
Maintenance	11,164	13,014	21,000	(7,986)
Improvements	5,318	1,497	35,000	(33,503)
Capital equipment	-	-	15,000	(15,000)
Office expense	18,150	21,596	17,400	4,196
Recreation Center				
Equipment	9,888	1,222	-	1,222
Building				
Supplies	7,981	5,435	-	5,435
Utilities	3,705	5,902	-	5,902
Repairs and maintenance	2,631	1,403	17,000	(15,597)
Program expense	27,028	24,375	24,500	(125)
Tournament				
Expenses	200	-	1,800	(1,800)
Officials	3,790	3,552	8,000	(4,448)
Travel	-	300	500	(200)
Program contract labor	9,440	4,500	-	4,500
Trails/Park Study	-	779	-	779
Membership expense	40	-	-	-
TOTAL EXPENDITURES	260,779	230,081	$ 321,400	$ (91,319)
RECEIPTS OVER (UNDER) EXPENDITURES	(2,574)	(5,769)		
UNENCUMBERED CASH, BEGINNING	69,095	66,521		
UNENCUMBERED CASH, ENDING	$ 66,521	$ 60,752		

CITY OF RUSSELL, KANSAS

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For Year Ended December 31, 2022

Schedule 3

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Drug Task Force Program	$ 3,721	$ 8	$ -	$ 3,729
Municipal Court	6,973	34,400	28,697	12,676
Fire Fighter Activity	23,777	25,399	18,364	30,812
Fire Insurance Proceeds	3,765	7,425	1,815	9,375
Opioid Settlement	-	3,713	-	3,713
Sink or Swim	979	1	100	880
Total	$ 39,215	$ 70,946	$ 48,976	$ 61,185

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Mayor and City Council
City of Russell, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the regulatory basis summary statement of receipts, expenditures, and unencumbered cash balances of City of Russell, Kansas (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated June 6, 2023, which was modified because the financial statement is prepared on the regulatory basis of accounting.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) as a basis for designing our 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 entity's financial statement will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Hutchinson, Kansas
June 6, 2023

CITY OF RUSSELL, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's I.D. Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-through Kansas Department of Commerce			
Community Development Block Grants	14.228	20-PF-013	$ 196,750
Community Development Block Grants	14.228	21-PF-016	116,228
COVID-19 - Community Development Block Grants	14.228	21-CV-140	68,725
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			381,703
U.S. DEPARTMENT OF THE TREASURY			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		554,990
TOTAL U.S. DEPARTMENT OF THE TREASURY			554,990
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-through Kansas Division of Emergency Management			
Disaster Grants - Public Assistance	97.036		28,351
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			28,351
U.S. DEPARTMENT OF INTERIOR			
Pass-through Kansas Department of Wildlife & Parks			
Outdoor Recreation Acquisition, Development, and Planning	15.916		237,329
TOTAL U.S. DEPARTMENT OF INTERIOR			237,329
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Award			
Airport Improvement Program	20.106		7,000
COVID 19 - Airport Improvement Program	20.106		9,000
COVID 19 - Airport Improvement Program	20.106		30,000
Pass-through Kansas Department of Transportation			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	300901	44,632
Transportation Alternatives Program	20.205	TA-T048(301)	248,000
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			338,632
TOTAL			$ 1,541,005

CITY OF RUSSELL, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2022

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of City of Russell, Kansas (the City) under programs of the federal government for the year ended December 31, 2022, and is presented on the regulatory basis of accounting in accordance with the *Kansas Municipal Audit and Accounting Guide*. Expenditures include disbursements, accounts payable, and encumbrances. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the cash and unencumbered cash balances and its cash receipts, expenditures, and budgetary results for the year then ended on the regulatory basis of accounting.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the basis of accounting as described in Note A. Such expenditures are recognized following the cost principles contained in the U.S. Office of Management and Budget Uniform Guidance (2 CFR Part 200, Subpart E), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C—INDIRECT COSTS

The City did not elect to use the 10% de minimis cost rate.

NOTE D—FEDERAL AWARDS PASSED-THROUGH TO SUBRECIPIENTS

The City did not pass-through any awards to subrecipients.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Mayor and City Council
City of Russell, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Russell, Kansas (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and the provisions of contracts or grant agreements applicable to the City's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

Hutchinson, Kansas
June 6, 2023

CITY OF RUSSELL, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For Year Ended December 31, 2022

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statement of City of Russell, Kansas (the City) prepared on the regulatory basis of accounting in accordance with the cash basis and budget laws of the State of Kansas prescribed by the *Kansas Municipal Audit and Accounting Guide* described in Note 1—Summary of Significant Accounting Policies to the financial statement.

2. No significant deficiencies relating to the audit of the financial statement of the City are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statement of the City, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

4. No significant deficiencies relating to the audit of major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.

5. The auditors' report on compliance for the major federal award programs for the City, expressed an unmodified opinion.

6. There were no audit findings relative to the major federal award programs that are required to be reported in accordance with Section 2 CFR 200.516(a).

7. The programs tested as major programs include:

	CFDA No.
Coronavirus State and Local Fiscal Recovery Funds	21.027
Highway Planning and Construction	20.205

8. The threshold for distinguishing between Type A and Type B programs was $750,000.

9. The City was not determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings.

CITY OF RUSSELL, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For Year Ended December 31, 2022

FINDINGS – FINANCIAL STATEMENT AUDIT

FINDING 2021-001 MATERIAL WEAKNESS

Condition: An annual inflationary adjustment for sewer and wastewater rates was not implemented in January 2020 and again in January 2021 as authorized by City Ordinance.

Recommendations: We recommend that a person, other than the individual responsible for changing the rates, check to ensure the rates are correctly updated to the rates authorized by City Ordinance. We further recommend that City personnel monthly, manually recompute a sample of customer utility billings to determine that authorized rates are charged to customers.

Current status: The recommendation was implemented during 2022. No similar findings were noted in the 2022 audit.