

CITY OF RUSSELL, KANSAS

DECEMBER 31, 2018



CITY OF RUSSELL, KANSAS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statement

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash of the City of Russell, Kansas (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statement.

Management's Responsibility 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 permitted in the Kansas Municipal Audit and Accounting Guide (KMAAG), 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 preparing the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit 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 KMAAG. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions permitted in KMAAG, 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.

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 Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2018, or changes in net position or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City, as of December 31, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions permitted in KMAAG described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2018 fund summary statement of receipts, expenditures, and unencumbered cash – 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 analysis and are not a required part of the 2018 basic financial statement; however, they are required to be presented under the provisions in KMAAG. 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 information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 information has been subjected to the auditing procedures applied in the audit of the 2018 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 2018 basic financial statement or to the 2018 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 2018 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City, as of and for the year ended December 31, 2017, not presented herein, and have issued our report thereon dated July 10, 2018, which contained an unmodified opinion on the regulatory basis basic financial statement. The 2017 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 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures - actual and budget for the year ended December 31, 2018 (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 2017 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 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 2017 comparative information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, 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 July 25, 2019, 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 solely 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 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
July 25, 2019

CITY OF RUSSELL, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
For Year Ended December 31, 2018

Page 1 of 3

Funds	Unencumbered Cash Balance 01/01/18	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance 12/31/18	Add Encumbrances and Accounts Payable	Cash Balance 12/31/18
GENERAL FUND	\$ 1,842,620	\$ -	\$ 3,397,054	\$ 3,201,462	\$ 2,038,212	\$ 111,074	\$ 2,149,286
SPECIAL PURPOSE FUNDS							
Airport	15,344	-	34,106	30,407	19,043	-	19,043
Industrial	192,846	-	32,503	45,653	179,696	2,646	182,342
Special Highway	252,921	-	124,643	79,849	297,715	3,300	301,015
Library	-	-	151,696	151,696	-	-	-
Fire Equipment	78,101	-	112,660	106,514	84,247	10,330	94,577
Recreation	-	-	129,568	129,568	-	-	-
Personnel Benefits	341,445	-	1,935,596	1,837,187	439,854	10,633	450,487
Special Parks and Recreation	57,872	-	14,973	9,501	63,344	5,956	69,300
Capital Improvements	881,413	6,052	973,603	1,571,552	289,516	221,289	510,805
Equipment Reserve	287,048	1,740	89,335	138,264	239,859	69,491	309,350
Risk Management Reserve	22,961	-	5,151	8,985	19,127	855	19,982
TOTAL SPECIAL PURPOSE FUNDS	2,129,951	7,792	3,603,834	4,109,176	1,632,401	324,500	1,956,901
BOND AND INTEREST FUND							
Bond and Interest	173,354	-	545,579	469,071	249,862	-	249,862
TRUST FUNDS							
Johnson Trust	912,481	-	109,869	78,225	944,125	20,951	965,076
Deines Center Trust	26,011	-	211	-	26,222	-	26,222
Health Insurance Trust	-	-	9,714	-	9,714	-	9,714
Donation	5,442	-	14,230	6,748	12,924	485	13,409
TOTAL TRUST FUNDS	943,934	-	134,024	84,973	992,985	21,436	1,014,421

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, 2018

Page 2 of 3

Funds	Unencumbered Cash Balance 01/01/18	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance 12/31/18	Add Encumbrances and Accounts Payable	Cash Balance 12/31/18
CAPITAL PROJECT FUNDS							
Pfeifer Well Expansion	\$ 146,368	\$ 58,985	\$ 1,698	\$ 119,970	\$ 87,081	\$ -	\$ 87,081
Airport Improvement Project	-	-	193,490	351,330	(157,840)	159,630	1,790
TOTAL CAPITAL PROJECT FUNDS	146,368	58,985	195,188	471,300	(70,759)	159,630	88,871
BUSINESS FUNDS							
Electric	3,833,159	-	10,438,887	10,681,279	3,590,767	763,428	4,354,195
Electric Depreciation Reserve	2,293,922	-	322,441	844,442	1,771,921	361,898	2,133,819
Water	1,993,391	-	2,881,118	2,547,965	2,326,544	85,026	2,411,570
Water Depreciation Reserve	1,178,244	-	459,263	96,212	1,541,295	2,730	1,544,025
Wastewater	247,986	-	657,254	554,738	350,502	13,555	364,057
Wastewater Replacement	413,569	-	163,999	124,006	453,562	62,103	515,665
Sanitation	254,377	-	592,945	447,821	399,501	13,844	413,345
Sanitation Reserve	75,251	-	60,260	-	135,511	-	135,511
TOTAL BUSINESS FUNDS	10,289,899	-	15,576,167	15,296,463	10,569,603	1,302,584	11,872,187
RELATED MUNICIPAL ENTITIES							
Russell Recreation Commission	81,450	-	235,154	254,341	62,263	1,501	63,764
TOTAL FINANCIAL REPORTING ENTITY (Excluding Agency Funds)	\$ 15,607,576	\$ 66,777	\$ 23,687,000	\$ 23,886,786	\$ 15,474,567	\$ 1,920,725	\$ 17,395,292

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, 2018

Page 3 of 3

COMPOSITION OF CASH

Cash on hand	\$ 500
Checking account	4,152,060
KMEA deposit	64,428
Money Market and CD's	1,967,337
Treasury Daily Fund	1,212
Kansas Municipal Investment Pool	11,168,517
Total Related Municipal Entities	<u>63,765</u>

TOTAL CASH 17,417,819

AGENCY FUNDS (Schedule 4) (22,527)TOTAL REPORTING ENTITY \$ 17,395,292

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

CITY OF RUSSELL, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2018

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 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 a related municipal entity of the City of Russell, Kansas. 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 1.
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.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Information (Continued)

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 Improvements, and Risk Management Reserve Fund, and the following business funds: Electric Depreciation Reserve Fund, Water Depreciation Reserve Fund, Sanitation Reserve Fund, and Wastewater Replacement Fund.

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

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 KMAAG 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.

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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes (Continued)

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 is required to expend money before the Federal Aviation Administration reimburses the City; as a result, the Airport Improvement Project fund has a deficit balance. The reimbursement will be received in 2019.

K.S.A. 79-2935 requires that no indebtedness is created in excess of budgeted limits including encumbrances.

The Russell Recreation Commission exceeded its budgeted amount by \$4,851.

NOTE 3—DEPOSITS AND INVESTMENTS

As of December 31, 2018, the City had the following investments and maturities:

Investment Type	Fair Value	(in Years)		Rating U.S.
		Less than 1	1-2	
Treasury Fund Daily	\$ 1,212	\$ 1,212	\$ -	N/A
Kansas Municipal Investment Pool	11,168,517	11,168,517	-	N/A
	<u>\$ 11,169,729</u>	<u>\$ 11,169,729</u>	<u>\$ -</u>	

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 (FDIC) coverage. The City has no other policies that would further limit interest rate risk.

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

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 KMIP is not to be considered as a financial institution. The City's allocation of investments as of December 31, 2018, is as follows:

<u>Investments</u>	<u>Percentage of Investments</u>
Treasury Fund Daily	1
Kansas Municipal Investment Pool	99

Concentration of 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 2018, the City did not enter into any peak depository agreement. All deposits were legally secured at December 31, 2018.

At December 31, 2018, the City's carrying amount of deposits was \$6,119,397 and the bank balance was \$6,157,808. The bank balance was held by two banks, which did not result in a concentration of credit risk. Of the bank balance, \$1,486,714 was covered by FDIC and \$4,671,094 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2018, the Recreation Commission's carrying amount of deposits was \$63,765 and the bank balance was \$65,174. The bank balance was held by two banks, which did not result in a concentration of credit risk. 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, 2018, the City had invested \$1,212 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 SIPC, up to \$500,000.

At December 31, 2018, the City had invested \$11,168,517 in the Kansas Municipal Investment Pool (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, 2018, 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 2011	2.00%-3.10%	12/15/11	\$ 5,165,000	08/01/27	\$ 3,400,000	\$ -	\$ 305,000	\$ 3,095,000	\$ 84,801
Series 2015-A	0.75-3.00%	10/28/15	1,015,000	08/01/30	890,000	-	60,000	830,000	19,270
Revolving Loans									
KPWS Loan Fund - 2791	2.23%	11/08/12	1,223,635	02/01/34	1,060,238	-	51,921	1,008,317	23,355
KPWS Loan Fund - 2731	2.42%	01/09/12	350,099	02/01/33	275,878	-	14,864	261,014	6,587
Lease Purchase Agreements									
UMB Financial Services, Inc.									
Sewer Lagoon Mixers	2.60%	11/30/14	259,266	06/01/18	53,655	-	53,655	-	1,414
					<u>\$ 5,679,771</u>	<u>\$ -</u>	<u>\$ 485,440</u>	<u>\$ 5,194,331</u>	<u>\$ 135,427</u>

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

Issue	2019	2020	2021	2022	2023	2024-2028	2029-2033	2034	Total
PRINCIPAL									
General Obligation Bonds									
Series 2011	\$ 315,000	\$ 320,000	\$ 325,000	\$ 335,000	\$ 340,000	\$ 1,460,000	\$ -	\$ -	\$ 3,095,000
Series 2015-A	60,000	65,000	65,000	65,000	65,000	355,000	155,000	-	830,000
Revolving Loans									
KPWS Loan Fund - 2791	53,086	54,276	55,493	56,737	58,010	310,154	346,524	74,037	1,008,317
KPWS Loan Fund - 2731	15,226	15,597	15,977	16,366	16,764	90,145	90,939	-	261,014
TOTAL PRINCIPAL	<u>\$ 443,312</u>	<u>\$ 454,873</u>	<u>\$ 461,470</u>	<u>\$ 473,103</u>	<u>\$ 479,774</u>	<u>\$ 2,215,299</u>	<u>\$ 592,463</u>	<u>\$ 74,037</u>	<u>\$ 5,194,331</u>

NOTE 4—LONG-TERM DEBT (CONTINUED)

Issue	2019	2020	2021	2022	2023	2024-2028	2029-2033	2034	Total
INTEREST									
General Obligation Bonds									
Series 2011	\$ 78,701	\$ 72,401	\$ 65,841	\$ 58,691	\$ 50,735	\$ 109,855	\$ -	\$ -	\$ 436,224
Series 2015-A	18,670	17,860	16,983	15,910	14,838	51,413	7,050	-	142,724
Revolving Loans									
KPWS Loan Fund - 2791	22,191	21,001	19,784	18,539	17,267	66,229	29,859	1,240	196,110
KPWS Loan Fund - 2731	6,225	5,854	5,475	5,086	4,687	17,111	5,590	-	50,028
TOTAL INTEREST	<u>\$ 125,787</u>	<u>\$ 117,116</u>	<u>\$ 108,083</u>	<u>\$ 98,226</u>	<u>\$ 87,527</u>	<u>\$ 244,608</u>	<u>\$ 42,499</u>	<u>\$ 1,240</u>	<u>\$ 825,086</u>
TOTAL PRINCIPAL AND INTEREST									
	<u>\$ 569,099</u>	<u>\$ 571,989</u>	<u>\$ 569,553</u>	<u>\$ 571,329</u>	<u>\$ 567,301</u>	<u>\$ 2,459,907</u>	<u>\$ 634,962</u>	<u>\$ 75,277</u>	<u>\$ 6,019,417</u>

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.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, 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 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$316,433 for the year ended December 31, 2018.

NOTE 5—DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability

At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was \$2,593,996. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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 KMAAG 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, 2018.

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.

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 80 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.

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

Compensated Absences and Other Employee Benefits (Continued)

The accumulated vacation, sick leave, and comp time liability at December 31, 2018, is \$122,468, \$77,027, and \$3,283, 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, 2018.

NOTE 7—INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund	To Fund	Authority	Amount
General	Industrial Development	K.S.A. 12-197	\$ 30,531
General	Capital Improvement	K.S.A. 12-1,118	419,424
General	Equipment Reserve	K.S.A. 12-1,117	78,507
General	Risk Management Reserve	K.S.A. 12-2615	500
Electric	General	K.S.A. 12-825d	450,000
Electric	Personnel Benefits	K.S.A. 12-825d	480,000
Electric	Risk Management Reserve	K.S.A. 12-2615	3,500
Water	Personnel Benefits	K.S.A. 12-825d	289,000
Water	Bond and Interest	K.S.A. 12-825d	464,578
Water	General	K.S.A. 12-825d	120,000
Water	Water Depreciation Reserve	K.S.A. 12-825d	450,000
Water	Risk Management Reserve	K.S.A. 12-2615	1,000
Wastewater	General	K.S.A. 12-825d	110,000
Wastewater	Personnel Benefits	K.S.A. 12-825d	105,000
Wastewater	Wastewater Replacement	K.S.A. 12-631o	160,000
Sanitation	General	K.S.A. 12-825d	35,000
Sanitation	Personnel Benefits	K.S.A. 12-825d	90,000
Electric	Electric Depreciation Reserve	K.S.A. 12-825d	250,000
Capital Improvement	Airport Improvement	K.S.A. 12-1,118	20,961
Sanitation	Sanitation Reserve	K.S.A. 12-825d	60,000
Special Highway	Capital Improvement	K.S.A. 12-1,118	75,000
Pfeifer well expansion	Bond and Interest	K.S.A. 12-6a16	79,270
General	Airport	K.S.A. 12-197	86

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 2018 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 received \$11,967 in February 2018, for their share of the 2017 net income. In 2017, the City received \$10,380 for their share of the 2016 net income.

NOTE 10—INDUSTRIAL REVENUE BONDS

K.S.A. 12-1740 authorizes the City to issue Industrial Revenue Bonds (IRB's) to acquire, remodel, improve, and equip certain facilities for commercial and industrial purposes and to enter into leases and lease-purchase agreements with any firm or corporation for such facilities.

IRB Series 2005 and Refunding Series 2006

In December 2005, the Council approved Ordinance No. 1761 authorizing the City to issue IRB's Series 2005 (Main Street Media, Inc.) in the aggregate principal amount of \$1,370,000. The City accepted ownership of the property and will lease it back to Main Street Media, Inc.

In October 2006, the Council authorized the City to issue a new series of \$1,300,000 in IRB's for Main Street Media, Inc. to refund the original 2005 taxable bonds.

The City, as issuer, has no obligation for the debt beyond the resources received from the third party. The principal balance of the bonds at December 31, 2018, was \$224,351.

NOTE 11—CAPITAL PROJECTS

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

	Project Authorization	Expenditures to Date
Airport lighting project	\$ 376,330	\$ 276,916
Lincoln/15th Street project	\$ 1,311,886	\$ 1,005,548

NOTE 12—SUBSEQUENT EVENTS

In January 2019, the City was awarded \$600,000 from the Kansas Small Cities Community Development Block Grant Program to replace existing water lines on Maple from West Wichita to Wisconsin, North St. John from West Wichita to Wisconsin, West Wichita from North Van Houten to Maple, Wisconsin from North Van Houten to Maple, Grant from 2nd to 7th and 5th from Brooks to Maple. The total project cost is estimated to be \$1,493,300.

In January 2019, the City was awarded a Transportation Alternatives grant to construct a sidewalk from Wichita Avenue to the existing sidewalk and from Dorrance to Witt Avenue along US Highway 281 and from Fossil to Stephanie and from Witt to Amy along Stephanie. The estimated cost of the project is \$350,000.

NOTE 12—SUBSEQUENT EVENTS (CONTINUED)

In December of 2018, the council created a Community Improvement District creating a special sales tax on two parcels of land for a Hotel and another commercial site. In January of 2019, the council created a Tax Increment Financing district for the same parcel of land and development.

In January 2019, the council authorized a loan agreement with Kansas Department of Health and Environment to remove sludge from the lagoons and replace headworks. The total project cost is estimated to be \$3,348,841.

On March 5th the City Council approved an economic Development Grant to Mechanized Concept, LLC in the amount of \$500,000 to be used for Capital Improvements to an existing facility, costs to transport manufacturing equipment, office supplies and equipment to Russell, Kansas, purchase manufacturing and technical equipment, inventory for production of finished goods and payment of wages and salaries to employees working on the project in Russell, Kansas and living in Russell, Kansas.

In April 2019, the City Council approved a resolution calling for the redemption of \$230,000 of the 2011 General Obligation bonds in August of 2019.

CITY OF RUSSELL, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2018

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	\$ 4,640,016	\$ -	\$ 4,640,016	\$ 3,201,462	\$ (1,438,554)
SPECIAL PURPOSE FUNDS					
Airport	39,800	-	39,800	30,407	(9,393)
Industrial	78,868	-	78,868	45,653	(33,215)
Special Highway	310,042	-	310,042	79,849	(230,193)
Library	154,527	-	154,527	151,696	(2,831)
Fire Equipment	72,679	87,896	160,575	106,514	(54,061)
Recreation	132,140	-	132,140	129,568	(2,572)
Personnel Benefits	2,063,711	-	2,063,711	1,837,187	(226,524)
Special Parks and Recreation	68,402	-	68,402	9,501	(58,901)
BOND AND INTEREST FUND					
Bond and Interest	469,072	-	469,072	469,071	(1)
BUSINESS FUNDS					
Electric	10,981,888	-	10,981,888	10,681,279	(300,609)
Water	2,546,332	2,106	2,548,438	2,547,965	(473)
Wastewater	574,300	-	574,300	554,738	(19,562)
Sanitation	507,150	-	507,150	447,821	(59,329)
RELATED MUNICIPAL ENTITY					
Russell Recreation Commission	244,540	4,950	249,490	254,341	4,851

CITY OF RUSSELL, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-1
 Page 1 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	Budget
RECEIPTS				
Taxes				
Ad valorem	\$ 843,707	\$ 916,873	\$ 969,774	\$ (52,901)
Delinquent	16,565	45,794	-	45,794
Motor vehicle	187,940	159,013	150,504	8,509
Recreational vehicle	4,499	3,775	2,340	1,435
16/20M vehicle	3,240	1,869	3,032	(1,163)
Commercial vehicle	-	-	18,507	(18,507)
Watercraft	-	-	1,192	(1,192)
Neighborhood revitalization rebate	(22,082)	(22,263)	(25,685)	3,422
County sales	98,115	310,415	190,000	120,415
Local sales	399,733	436,152	350,000	86,152
In lieu of taxes (IRB)	25,546	32,045	-	32,045
Total taxes	1,557,263	1,883,673	1,659,664	224,009
Intergovernmental				
Liquor tax	11,486	11,937	12,786	(849)
State Highway Connecting Links	26,022	26,040	26,000	40
State of Kansas KDOT Grant	40,544	41,031	30,000	11,031
Federal/State FEMA Grant	32,837	1,102	-	1,102
County 911 reimbursement	230,377	248,488	240,000	8,488
Total intergovernmental	341,266	328,598	308,786	19,812
Licenses and permits				
Franchise tax	175,681	181,372	144,000	37,372
Licenses	19,466	37,940	16,300	21,640
Permits	19,297	19,709	-	19,709
Total licenses and permits	214,444	239,021	160,300	78,721
Fines and forfeitures				
Fines and court fees	42,566	48,973	50,000	(1,027)
Uses of money and property				
Interest earned	10,665	20,512	6,000	14,512
Royalties	278	468	300	168
Total uses of money and property	10,943	20,980	6,300	14,680
Miscellaneous revenue				
Weed abatement fees	850	1,955	900	1,055
General transportation fares	11,757	16,458	12,000	4,458
Golf course fees - membership	66,944	64,224	58,120	6,104
Cemetery receipts	9,491	9,965	6,800	3,165
Reimbursed expense	7,266	20,338	3,000	17,338
Impound fees	2,372	3,247	1,000	2,247
Swimming pool	30,361	29,767	25,000	4,767
Miscellaneous receipts	19,236	14,855	20,000	(5,145)
Total miscellaneous revenue	148,277	160,809	126,820	33,989
Operating transfers	715,000	715,000	715,000	-
TOTAL RECEIPTS	3,029,759	3,397,054	\$ 3,026,870	\$ 370,184

CITY OF RUSSELL, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-1
 Page 2 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES				
Mayor/Council	\$ 45,206	\$ 48,488	\$ 54,225	\$ (5,737)
City Manager	213,675	186,694	202,007	(15,313)
City Clerk	168,892	180,901	185,700	(4,799)
Transportation	61,499	62,588	71,400	(8,812)
Police department	457,069	488,253	497,600	(9,347)
Public works, inspection	77,574	79,561	81,450	(1,889)
Fire department	209,966	164,758	253,034	(88,276)
Municipal Court	54,048	53,313	61,620	(8,307)
911 dispatch	364,242	385,735	401,900	(16,165)
Building, planning, and zoning	117,942	143,366	147,800	(4,434)
Street department	359,213	354,000	383,230	(29,230)
Golf course	171,415	177,672	187,500	(9,828)
Swimming pool	67,275	78,775	103,950	(25,175)
Park department	204,883	218,168	239,650	(21,482)
Deines Cultural Center	50,468	43,298	47,750	(4,452)
Armory	6,147	6,844	8,300	(1,456)
Capital improvements	6,705	-	1,300,000	(1,300,000)
Operating transfers	398,615	529,048	412,900	116,148
TOTAL EXPENDITURES	<u>3,034,834</u>	<u>3,201,462</u>	<u>\$ 4,640,016</u>	<u>\$ (1,438,554)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(5,075)	195,592		
UNENCUMBERED CASH, BEGINNING	<u>1,847,695</u>	<u>1,842,620</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,842,620</u>	<u>\$ 2,038,212</u>		

CITY OF RUSSELL, KANSAS

AIRPORT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 32,941	\$ 6	\$ -	\$ 6
Delinquent	126	717	-	717
Motor vehicle	663	4,540	5,860	(1,320)
Recreational vehicle	8	123	91	32
16/20M vehicle	53	-	118	(118)
Commercial vehicle	-	-	721	(721)
Watercraft	-	-	46	(46)
Neighborhood revitalization rebate	(860)	-	-	-
Rental	8,439	8,082	9,000	(918)
Fuel sales	26,783	19,743	22,000	(2,257)
Interest income	121	107	80	27
Miscellaneous revenue	277	702	-	702
Operating transfers	-	86	-	86
TOTAL RECEIPTS	<u>68,551</u>	<u>34,106</u>	<u>\$ 37,916</u>	<u>\$ (3,810)</u>
EXPENDITURES				
Telephone	467	394	\$ 500	\$ (106)
Insurance	5,545	5,793	6,000	(207)
Dues and subscriptions	10	110	200	(90)
Professional services	14,686	571	1,000	(429)
Printing and advertising	-	-	100	(100)
Operating supplies	70	-	400	(400)
Repairs and maintenance	3,152	2,166	5,000	(2,834)
Fuel for resale	22,130	17,166	22,000	(4,834)
Sales tax expense	2,154	1,544	2,000	(456)
Credit card fees	2,812	2,663	2,500	163
Office supplies	64	-	100	(100)
Operating transfers	27,736	-	-	-
TOTAL EXPENDITURES	<u>78,826</u>	<u>30,407</u>	<u>\$ 39,800</u>	<u>\$ (9,393)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(10,275)	3,699		
UNENCUMBERED CASH, BEGINNING	<u>25,619</u>	<u>15,344</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 15,344</u>	<u>\$ 19,043</u>		

CITY OF RUSSELL, KANSAS

INDUSTRIAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 752	\$ -	\$ -	\$ -
Delinquent	250	146	-	146
Motor vehicle	1,252	72	90	(18)
Recreational vehicle	15	2	1	1
16/20M vehicle	111	-	2	(2)
Commercial vehicle	-	-	11	(11)
Watercraft	-	-	1	(1)
Neighborhood revitalization rebate	(13)	-	-	-
Interest income	669	1,502	100	1,402
Grants	200,000	-	-	-
Capital sales	132,774	-	-	-
Miscellaneous revenue	-	250	-	250
Operating transfers	30,000	30,531	22,400	8,131
TOTAL RECEIPTS	<u>365,810</u>	<u>32,503</u>	<u>\$ 22,605</u>	<u>\$ 9,898</u>
EXPENDITURES				
Dues, subscriptions, and licenses	947	7	\$ 800	\$ (793)
Printing and advertising	-	2,646	500	2,146
Economic development incentive	202,000	-	-	-
Russell Main Street	24,000	12,000	12,000	-
Economic development	25,000	25,000	25,000	-
Miscellaneous	11,840	6,000	6,000	-
Capital expense	48,766	-	34,568	(34,568)
TOTAL EXPENDITURES	<u>312,553</u>	<u>45,653</u>	<u>\$ 78,868</u>	<u>\$ (33,215)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	53,257	(13,150)		
UNENCUMBERED CASH, BEGINNING	<u>139,589</u>	<u>192,846</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 192,846</u>	<u>\$ 179,696</u>		

CITY OF RUSSELL, KANSAS

SPECIAL HIGHWAY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-4

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	Budget
RECEIPTS				
Fuel tax	\$ 120,423	\$ 121,921	\$ 119,440	\$ 2,481
Interest income	1,579	2,722	500	2,222
TOTAL RECEIPTS	122,002	124,643	<u>\$ 119,940</u>	<u>\$ 4,703</u>
EXPENDITURES				
Street materials	6,063	1,549	\$ 75,000	\$ (73,451)
Professional services	60,070	3,300	-	3,300
Capital outlay	2,488	-	160,042	(160,042)
Transfer to - Capital Improvement Fund	75,000	75,000	75,000	-
TOTAL EXPENDITURES	143,621	79,849	<u>\$ 310,042</u>	<u>\$ (230,193)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(21,619)	44,794		
UNENCUMBERED CASH, BEGINNING	274,540	252,921		
UNENCUMBERED CASH, ENDING	<u>\$ 252,921</u>	<u>\$ 297,715</u>		

CITY OF RUSSELL, KANSAS

LIBRARY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-5

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 123,857	\$ 126,557	\$ 133,886	\$ (7,329)
Delinquent	2,068	5,802	-	5,802
Motor vehicle	20,960	21,679	22,047	(368)
Recreational vehicle	495	529	343	186
16/20M vehicle	397	203	444	(241)
Commercial vehicle	-	-	2,711	(2,711)
Watercraft	(3,235)	-	174	(174)
Neighborhood revitalization rebate	-	(3,074)	(3,490)	416
TOTAL RECEIPTS	144,542	151,696	<u>\$ 156,115</u>	<u>\$ (4,419)</u>
EXPENDITURES				
Library appropriation	<u>146,588</u>	<u>151,696</u>	<u>\$ 154,527</u>	<u>\$ (2,831)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(2,046)	-		
UNENCUMBERED CASH, BEGINNING	<u>2,046</u>	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ -</u>		

CITY OF RUSSELL, KANSAS

FIRE EQUIPMENT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-6

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 25,039	\$ 17,978	\$ 19,032	\$ (1,054)
Delinquent	872	1,529	-	1,529
Motor vehicle	8,616	4,484	4,458	26
Recreational vehicle	157	108	69	39
16/20M vehicle	440	45	90	(45)
Commercial vehicle	-	-	548	(548)
Watercraft	-	-	35	(35)
Neighborhood revitalization rebate	(654)	(436)	(495)	59
Interest income	448	1,056	150	906
Grants	6,080	87,896	-	87,896
TOTAL RECEIPTS	40,998	112,660	<u>\$ 23,887</u>	<u>\$ 88,773</u>
EXPENDITURES				
Capital expenses - equipment	41,786	106,514	\$ 72,679	\$ 33,835
Adjustment for qualifying budget credits	-	-	87,896	(87,896)
TOTAL EXPENDITURES	41,786	106,514	<u>\$ 160,575</u>	<u>\$ (54,061)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(788)	6,146		
UNENCUMBERED CASH, BEGINNING	78,889	78,101		
UNENCUMBERED CASH, ENDING	<u>\$ 78,101</u>	<u>\$ 84,247</u>		

CITY OF RUSSELL, KANSAS

RECREATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-7

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 109,482	\$ 107,474	\$ 113,711	\$ (6,237)
Delinquent	1,752	4,123	-	4,123
Motor vehicle	18,076	19,033	19,486	(453)
Recreational vehicle	424	1,375	303	1,072
16/20M vehicle	351	173	393	(220)
Commercial vehicle	-	-	2,396	(2,396)
Watercraft	-	-	154	(154)
Neighborhood revitalization rebate	(2,860)	(2,610)	(2,955)	345
TOTAL RECEIPTS	127,225	129,568	<u>\$ 133,488</u>	<u>\$ (3,920)</u>
EXPENDITURES				
Recreation appropriation	<u>128,017</u>	<u>129,568</u>	<u>\$ 132,140</u>	<u>\$ (2,572)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(792)	-		
UNENCUMBERED CASH, BEGINNING	<u>792</u>	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ -</u>		

CITY OF RUSSELL, KANSAS

PERSONNEL BENEFITS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-8

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 619,267	\$ 583,556	\$ 617,546	\$ (33,990)
Delinquent	5,515	23,056	-	23,056
Motor vehicle	59,207	98,648	110,230	(11,582)
Recreational vehicle	3,408	2,503	1,714	789
16/20M vehicle	984	586	2,221	(1,635)
Commercial vehicle	-	-	13,554	(13,554)
Watercraft	-	-	872	(872)
Neighborhood revitalization rebate	(16,173)	(14,177)	(15,561)	1,384
Reimbursed expenses	278,424	261,635	210,000	51,635
Interest income	2,368	5,055	1,000	4,055
Miscellaneous revenue	36	10,734	-	10,734
Operating transfers	880,000	964,000	964,000	-
TOTAL RECEIPTS	<u>1,833,036</u>	<u>1,935,596</u>	<u>\$ 1,905,576</u>	<u>\$ 30,020</u>
EXPENDITURES				
Blue Cross/Blue Shield	1,124,873	1,197,354	\$ 1,275,860	\$ (78,506)
Social Security - Medicare	249,809	255,915	286,432	(30,517)
KPERS	287,964	316,433	364,099	(47,666)
Workers' compensation	85,242	63,853	121,687	(57,834)
Unemployment insurance	3,282	3,272	15,233	(11,961)
Dues, fees, and subscriptions	-	30	-	30
Other insurance	330	330	400	(70)
TOTAL EXPENDITURES	<u>1,751,500</u>	<u>1,837,187</u>	<u>\$ 2,063,711</u>	<u>\$ (226,524)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	81,536	98,409		
UNENCUMBERED CASH, BEGINNING	<u>259,909</u>	<u>341,445</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 341,445</u>	<u>\$ 439,854</u>		

CITY OF RUSSELL, KANSAS

SPECIAL PARKS AND RECREATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-9

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Liquor tax	\$ 11,486	\$ 11,937	\$ 12,786	\$ (849)
Grants	5,000	2,500	-	2,500
Interest income	327	536	100	436
TOTAL RECEIPTS	16,813	14,973	\$ 12,886	\$ 2,087
EXPENDITURES				
Professional fees	1,800	-	\$ -	\$ -
Operating supplies	6,047	-	-	-
Capital outlay	39,327	9,501	68,402	(58,901)
TOTAL EXPENDITURES	47,174	9,501	\$ 68,402	\$ (58,901)
RECEIPTS OVER (UNDER) EXPENDITURES	(30,361)	5,472		
UNENCUMBERED CASH, BEGINNING	88,233	57,872		
UNENCUMBERED CASH, ENDING	\$ 57,872	\$ 63,344		

CITY OF RUSSELL, KANSAS
 CAPITAL IMPROVEMENTS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

	Schedule 2-10	
	2018	2017
RECEIPTS		
Interest income	\$ 7,810	\$ 2,525
Grants	463,374	330,626
Golf course fees	7,560	8,625
Donations	435	4,137
Miscellaneous income	-	1,650
Operating transfers	494,424	323,115
	<u>973,603</u>	<u>670,678</u>
TOTAL RECEIPTS		
EXPENDITURES		
Professional services	-	1,075
Administration	1,253	-
911 Dispatch	-	23,676
Street department	1,535,198	1,058,032
Golf course	4,580	3,565
Park department	-	7,547
Deines Cultural Center	9,560	-
Transfer to - Airport Improvement	20,961	-
	<u>1,571,552</u>	<u>1,093,895</u>
TOTAL EXPENDITURES		
RECEIPTS OVER (UNDER) EXPENDITURES	(597,949)	(423,217)
UNENCUMBERED CASH, BEGINNING	881,413	1,304,630
PRIOR YEAR CANCELLED ENCUMBRANCES	<u>6,052</u>	<u>-</u>
UNENCUMBERED CASH, ENDING	<u>\$ 289,516</u>	<u>\$ 881,413</u>

CITY OF RUSSELL, KANSAS
EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2018
(With Comparative Actual Totals For Prior Year Ended December 31, 2017)

	Schedule 2-11	
	2018	2017
RECEIPTS		
Interest income	\$ 2,908	\$ 1,981
Grants	-	25,000
Reimbursement	750	-
Sale of assets	7,170	-
Operating transfers	78,507	120,000
	<u>89,335</u>	<u>146,981</u>
TOTAL RECEIPTS		
EXPENDITURES		
Police department	34,435	64,291
Administration	3,000	11,065
Airport	-	3,262
Fire	-	56,521
Street	9,024	112,252
Golf course	8,750	20,863
Park department	37,641	-
Building, planning, and zoning	45,414	4,337
	<u>138,264</u>	<u>272,591</u>
TOTAL EXPENDITURES		
RECEIPTS OVER (UNDER) EXPENDITURES	(48,929)	(125,610)
UNENCUMBERED CASH, BEGINNING	287,048	412,658
PRIOR YEAR CANCELLED ENCUMBRANCES	1,740	-
	<u>288,788</u>	<u>412,658</u>
UNENCUMBERED CASH, ENDING	<u>\$ 239,859</u>	<u>\$ 287,048</u>

CITY OF RUSSELL, KANSAS

RISK MANAGEMENT RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)

For Year Ended December 31, 2018

(With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-12

	2018	2017
	<u>2018</u>	<u>2017</u>
RECEIPTS		
Interest income	\$ 151	\$ 84
Operating transfers	<u>5,000</u>	<u>5,000</u>
TOTAL RECEIPTS	<u>5,151</u>	<u>5,084</u>
EXPENDITURES		
Transportation	-	526
Mowing	1,409	-
Electric	<u>7,576</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,985</u>	<u>526</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(3,834)	4,558
UNENCUMBERED CASH, BEGINNING	<u>22,961</u>	<u>18,403</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 19,127</u></u>	<u><u>\$ 22,961</u></u>

CITY OF RUSSELL, KANSAS

BOND AND INTEREST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-13

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Delinquent	\$ 91	\$ 23	\$ -	\$ 23
Interest income	640	1,708	350	1,358
Operating transfers	470,672	543,848	469,072	74,776
TOTAL RECEIPTS	471,403	545,579	\$ 469,422	\$ 76,157
EXPENDITURES				
Bond principal	360,000	365,000	\$ 365,000	\$ -
Interest coupons	110,672	104,071	104,072	(1)
TOTAL EXPENDITURES	470,672	469,071	\$ 469,072	\$ (1)
RECEIPTS OVER (UNDER) EXPENDITURES	731	76,508		
UNENCUMBERED CASH, BEGINNING	172,623	173,354		
UNENCUMBERED CASH, ENDING	\$ 173,354	\$ 249,862		

CITY OF RUSSELL, KANSAS
 CAPITAL PROJECT FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2018

	Schedule 2-14	
	Pfeifer Well Expansion	Airport Improvement Project
RECEIPTS		
Grant	\$ -	\$ 172,529
Interest income	1,698	-
Operating transfers	-	20,961
TOTAL RECEIPTS	1,698	193,490
EXPENDITURES		
Professional services	23,700	133,000
Capital expense	17,000	218,330
Transfer to - Bond and Interest	79,270	-
TOTAL EXPENDITURES	119,970	351,330
RECEIPTS OVER (UNDER) EXPENDITURES	(118,272)	(157,840)
UNENCUMBERED CASH, BEGINNING	146,368	-
PRIOR YEAR CANCELLED ENCUMBRANCES	58,985	-
UNENCUMBERED CASH, ENDING	<u>\$ 87,081</u>	<u>\$ (157,840)</u>

CITY OF RUSSELL, KANSAS

JOHNSON TRUST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)

For Year Ended December 31, 2018

(With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-15

	2018	2017
RECEIPTS		
Trust distributions	\$ 102,612	\$ 112,566
Reimbursement	-	4,154
Interest income	7,257	4,330
	<u>109,869</u>	<u>121,050</u>
TOTAL RECEIPTS		
EXPENDITURES		
Professional services	24,330	109,847
Operating supplies	10,000	-
Capital outlay	43,895	-
	<u>78,225</u>	<u>109,847</u>
TOTAL EXPENDITURES		
RECEIPTS OVER (UNDER) EXPENDITURES	31,644	11,203
UNENCUMBERED CASH, BEGINNING	<u>912,481</u>	<u>901,278</u>
UNENCUMBERED CASH, ENDING	<u>\$ 944,125</u>	<u>\$ 912,481</u>

CITY OF RUSSELL, KANSAS

DEINES CENTER TRUST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)

For Year Ended December 31, 2018

(With Comparative Actual Totals For Prior Year Ended December 31, 2017)

	Schedule 2-16	
	2018	2017
RECEIPTS		
Interest income	\$ 211	\$ 160
EXPENDITURES	-	13,992
RECEIPTS OVER (UNDER) EXPENDITURES	211	(13,832)
UNENCUMBERED CASH, BEGINNING	26,011	39,843
UNENCUMBERED CASH, ENDING	<u>\$ 26,222</u>	<u>\$ 26,011</u>

CITY OF RUSSELL, KANSAS
 HEALTH INSURANCE TRUST
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

	Schedule 2-17	
	2018	2017
RECEIPTS		
Health insurance contribution	\$ 100	\$ -
Reimbursed expense	9,614	-
TOTAL RECEIPTS	9,714	-
EXPENDITURES	-	-
RECEIPTS OVER (UNDER) EXPENDITURES	9,714	-
UNENCUMBERED CASH, BEGINNING	-	-
UNENCUMBERED CASH, ENDING	<u>\$ 9,714</u>	<u>\$ -</u>

CITY OF RUSSELL, KANSAS

DONATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)

For Year Ended December 31, 2018

(With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-18

	2018	2017
	<u> </u>	<u> </u>
RECEIPTS		
Other income	\$ 14,230	\$ 169,051
	<u> </u>	<u> </u>
EXPENDITURES		
Operating supplies	959	294
Capital expense	5,789	164,151
	<u> </u>	<u> </u>
TOTAL EXPEDITURES	6,748	164,445
	<u> </u>	<u> </u>
RECEIPTS OVER (UNDER) EXPENDITURES	7,482	4,606
UNENCUMBERED CASH, BEGINNING	5,442	836
	<u> </u>	<u> </u>
UNENCUMBERED CASH, ENDING	<u>\$ 12,924</u>	<u>\$ 5,442</u>

CITY OF RUSSELL, KANSAS

ELECTRIC FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-19
 Page 1 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
	Actual	Actual	Budget	Budget
RECEIPTS				
Sale of electricity	\$ 10,100,761	\$ 10,261,059	\$ 11,259,000	\$ (997,941)
Late payment penalty	16,444	16,304	15,000	1,304
Reimbursed expense	16,750	54,209	-	54,209
Bad debt collections	78	75	-	75
Customer deposits	-	5,804	-	5,804
Rent income	5,457	5,457	5,500	(43)
FEMA Grant	40,315	-	-	-
Steam and heat sales	9,472	5,921	-	5,921
Interest income	20,558	37,255	15,000	22,255
Miscellaneous revenue	71,856	52,803	-	52,803
TOTAL RECEIPTS	<u>10,281,691</u>	<u>10,438,887</u>	<u>\$ 11,294,500</u>	<u>\$ (855,613)</u>
EXPENDITURES				
General and administrative				
Personnel salaries	136,378	137,652	\$ 143,000	\$ (5,348)
Accrued leave buy back	250	320	250	70
Telephone	625	3,672	800	2,872
Postage	6,123	1,051	6,500	(5,449)
Insurance	143	5,348	350	4,998
Bad debt	-	154	-	154
Fuel and oil	-	-	250	(250)
Professional services	43,085	30,381	25,000	5,381
Dues and subscriptions	18,858	18,291	20,000	(1,709)
Sales tax	2,473	1,443	2,000	(557)
Training and seminars	4,878	10,823	9,000	1,823
Printing and advertising	250	-	1,000	(1,000)
Interest on consumer deposits	50	71	100	(29)
Supplies	8	23	250	(227)
Operating supplies	-	-	500	(500)
Consumer deposits refunded	19,500	-	-	-
Office supplies	-	-	250	(250)
Repairs and maintenance	18	47	250	(203)
Apparatus and tools	-	437	1,200	(763)
Armory utilities	4,067	-	5,000	(5,000)
Capital expense - equipment	-	932	850	82
Total general and administrative	<u>236,706</u>	<u>210,645</u>	<u>216,550</u>	<u>(5,905)</u>

CITY OF RUSSELL, KANSAS

ELECTRIC FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-19
 Page 2 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Production				
Personnel salaries	\$ 258,126	\$ 277,528	\$ 327,000	\$ (49,472)
Overtime salaries	8,786	9,875	10,000	(125)
Accrued leave buy back	250	750	1,000	(250)
Telephone	4,327	5,284	4,000	1,284
Postage	124	-	100	(100)
Natural gas	1,686	2,854	2,500	354
Insurance	152,211	153,757	168,000	(14,243)
Dues and subscription	1,472	2,114	1,500	614
Training and seminars	2,816	2,424	2,500	(76)
Professional services	11,891	5,123	15,000	(9,877)
Printing and advertising	58	50	250	(200)
Compensating use tax	626	1,034	350	684
Operating supplies	1,414	1,548	2,500	(952)
Repairs and maintenance	67,394	84,829	80,000	4,829
General fuel and oil	5,152	13,154	25,000	(11,846)
Natural gas	7,410	40,474	50,000	(9,526)
Turbine maintenance	34,336	37,105	30,000	7,105
Transport natural gas - turbines	31,656	32,085	60,000	(27,915)
Purchased power	7,431,934	7,991,445	8,114,888	(123,443)
Chemicals	6,803	2,350	4,000	(1,650)
Fuel and oil	2,374	2,290	4,500	(2,210)
Apparatus and tools	1,882	97	1,500	(1,403)
Office supplies	1,705	1,307	2,000	(693)
Uniforms	11,886	2,327	8,000	(5,673)
Transport downtown power plant	3,850	2,356	5,000	(2,644)
Capital expenditures				
Equipment	766	-	850	(850)
Total production	8,050,935	8,672,160	8,920,438	(248,278)
Transportation and distribution				
Personnel salaries	346,925	351,043	397,500	(46,457)
Overtime salaries	14,831	7,562	13,000	(5,438)
Accrued leave buy back	-	56	350	(294)
Telephone	1,195	576	900	(324)
Natural gas	2,564	3,326	2,700	626
Postage	23	106	50	56
Insurance	14,121	13,608	14,500	(892)

CITY OF RUSSELL, KANSAS

ELECTRIC FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-19
 Page 3 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Transportation and distribution (continued)				
Dues and subscriptions	\$ 16,402	\$ 7,921	\$ 5,000	\$ 2,921
Training and seminars	2,738	3,816	6,000	(2,184)
Professional services	18,954	8,646	20,000	(11,354)
Printing and advertising	-	188	100	88
Compensating use tax	156	224	500	(276)
Operating supplies	3,788	1,650	3,000	(1,350)
Repairs and maintenance	201,970	187,986	175,000	12,986
Chemicals	-	584	600	(16)
Lease/rent	625	-	700	(700)
Fuel and oil	12,799	21,195	9,000	12,195
Apparatus and tools	9,658	2,063	7,000	(4,937)
Office supplies	164	233	500	(267)
Uniforms	12,248	4,191	5,000	(809)
Capital expenditures				
Equipment	79,046	-	-	-
Total transportation and distribution	738,207	614,974	661,400	(46,426)
Operating transfers				
Transfer to:				
Personnel Benefits Fund	395,000	480,000	480,000	-
General Fund	450,000	450,000	450,000	-
Risk Management Reserve Fund	3,500	3,500	3,500	-
Electric Depreciation Reserve Fund	250,000	250,000	250,000	-
Total operating transfers	1,098,500	1,183,500	1,183,500	-
TOTAL EXPENDITURES	10,124,348	10,681,279	<u>\$ 10,981,888</u>	<u>\$ (300,609)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	157,343	(242,392)		
UNENCUMBERED CASH, BEGINNING	3,675,816	3,833,159		
UNENCUMBERED CASH, ENDING	<u>\$ 3,833,159</u>	<u>\$ 3,590,767</u>		

CITY OF RUSSELL, KANSAS

ELECTRIC DEPRECIATION RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)

For Year Ended December 31, 2018

(With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-20

	2018	2017
	<u>2018</u>	<u>2017</u>
RECEIPTS		
Interest income	\$ 17,219	\$ 10,280
Environmental surcharge rider	55,222	53,545
Operating transfers	<u>250,000</u>	<u>250,000</u>
TOTAL RECEIPTS	322,441	313,825
EXPENDITURES		
Capital outlay	<u>844,442</u>	<u>214,404</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(522,001)	99,421
UNENCUMBERED CASH, BEGINNING	<u>2,293,922</u>	<u>2,194,501</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 1,771,921</u></u>	<u><u>\$ 2,293,922</u></u>

CITY OF RUSSELL, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-21
 Page 1 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Consumer sales	\$ 2,695,177	\$ 2,799,318	\$ 2,260,000	\$ 539,318
State water fee	8,268	8,512	8,000	512
Late payment penalty	6,733	6,439	5,000	1,439
Water main tap fees	10,314	12,831	-	12,831
Interest income	8,851	19,317	6,000	13,317
Ranch agreement	10,380	11,967	6,000	5,967
Bad debt	-	1,587	-	1,587
Customer deposits	-	991	-	991
Reimbursed expense	-	2,106	-	2,106
Miscellaneous revenue	20,351	18,050	5,000	13,050
TOTAL RECEIPTS	<u>2,760,074</u>	<u>2,881,118</u>	<u>\$ 2,290,000</u>	<u>\$ 591,118</u>
EXPENDITURES				
General and administrative				
Postage	3,674	3,209	\$ 4,000	\$ (791)
Compensating use tax	-	138	150	(12)
Professional services	7,330	7,648	6,000	1,648
Training	3,978	5,795	4,000	1,795
Printing and advertising	250	-	100	(100)
Dues and subscriptions	2,500	2,599	3,000	(401)
Interest on consumer deposits	23	31	-	31
Principal payments	65,293	66,785	66,787	(2)
Interest payments	31,434	29,942	29,943	(1)
Consumer deposits refunded	1,119	140	-	140
Office supplies	-	-	400	(400)
Armory utilities	221	271	230	41
Bad debt expense	8,768	-	1,500	(1,500)
Total general and administrative	<u>124,590</u>	<u>116,558</u>	<u>116,110</u>	<u>448</u>

CITY OF RUSSELL, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-21
 Page 2 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
	Actual	Actual	Budget	Budget
EXPENDITURES (CONTINUED)				
Production				
Personnel salaries	\$ 214,946	\$ 255,567	\$ 233,000	\$ 22,567
Overtime salaries	12,791	10,104	13,000	(2,896)
Accrued leave buy back	140	320	250	70
Telephone	1,497	1,135	2,100	(965)
Postage	1,557	2,562	1,000	1,562
Natural gas	4,225	4,453	5,000	(547)
Electric services	44,405	32,769	50,000	(17,231)
Insurance	40,051	46,286	-	46,286
Dues and subscription	1,936	73,330	1,700	71,630
Training and seminars	2,189	1,409	1,800	(391)
Professional services	12,506	12,868	20,000	(7,132)
Printing and advertising	74	18	500	(482)
State water fees	8,285	7,959	8,000	(41)
Operating supplies	704	1,669	10,000	(8,331)
Clean drinking water fee	7,767	7,461	8,000	(539)
Repairs and maintenance	52,662	95,963	50,000	45,963
Chemicals	147,448	188,313	255,000	(66,687)
Fuel and oil	2,521	4,436	4,000	436
Apparatus and tools	308	347	1,500	(1,153)
Office supplies	1,016	1,001	500	501
Uniforms	2,093	2,402	3,500	(1,098)
Purchased water	31,594	-	100,000	(100,000)
Lease and rent	55,000	87,067	55,000	32,067
R-9 Ranch expenses	-	-	1,000	(1,000)
Total production	645,715	837,439	824,850	12,589

CITY OF RUSSELL, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-21
 Page 3 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Transportation and distribution				
Personnel salaries	\$ 186,346	\$ 194,740	\$ 184,900	\$ 9,840
Overtime salaries	4,395	7,035	6,000	1,035
Telephone	1,638	2,035	1,800	235
Postage	11	-	-	-
Natural gas	1,991	2,107	3,000	(893)
Insurance	10,919	6,717	11,500	(4,783)
Dues and subscriptions	6,041	4,033	5,000	(967)
Training and seminars	576	2,221	1,000	1,221
Professional services	1,387	1,618	2,000	(382)
Printing and advertising	73	75	500	(425)
Operating supplies	55	669	1,000	(331)
Repairs and maintenance	25,345	34,550	40,000	(5,450)
Fuel and oil	10,753	8,771	15,000	(6,229)
Apparatus and tools	-	92	2,000	(1,908)
Office supplies	65	246	100	146
Uniforms	1,795	1,506	2,500	(994)
Capital expense	-	2,975	-	2,975
Total transportation and distribution	251,390	269,390	276,300	(6,910)
Operating transfers	1,226,672	1,324,578	1,329,072	(4,494)
Legal General Fund budget	2,248,367	2,547,965	2,546,332	1,633
Adjustment for qualifying budget credits	-	-	2,106	(2,106)
TOTAL EXPENDITURES	2,248,367	2,547,965	<u>\$ 2,548,438</u>	<u>\$ (473)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	511,707	333,153		
UNENCUMBERED CASH, BEGINNING	1,481,684	1,993,391		
UNENCUMBERED CASH, ENDING	<u>\$ 1,993,391</u>	<u>\$ 2,326,544</u>		

CITY OF RUSSELL, KANSAS

WATER DEPRECIATION RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)

For Year Ended December 31, 2018

(With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-22

	2018	2017
	<u>2018</u>	<u>2017</u>
RECEIPTS		
Interest income	\$ 9,263	\$ 3,903
Operating transfers	450,000	370,000
	<u>459,263</u>	<u>373,903</u>
TOTAL RECEIPTS		
EXPENDITURES		
Professional services	67,795	47,795
Printing and advertising	131	-
Conservation expenditures	1,383	1,000
Capital expenditures	26,903	79,331
	<u>96,212</u>	<u>128,126</u>
TOTAL EXPENDITURES		
RECEIPTS OVER (UNDER) EXPENDITURES	363,051	245,777
UNENCUMBERED CASH, BEGINNING	<u>1,178,244</u>	<u>932,467</u>
UNENCUMBERED CASH, ENDING	<u>\$ 1,541,295</u>	<u>\$ 1,178,244</u>

CITY OF RUSSELL, KANSAS

WASTEWATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-23

	Prior Year Actual	Current Year		Over (Under) Budget
	Actual	Actual	Budget	Budget
RECEIPTS				
Sewer use charge	\$ 532,498	\$ 645,339	\$ 520,000	\$ 125,339
Penalty	1,728	1,938	1,800	138
Sewer main tap fees	600	3,108	-	3,108
Bad debt	-	525	-	525
Reimbursed expense	-	1,405	-	1,405
Interest income	1,643	2,064	900	1,164
Miscellaneous revenue	2,678	2,875	2,000	875
TOTAL RECEIPTS	<u>539,147</u>	<u>657,254</u>	<u>\$ 524,700</u>	<u>\$ 132,554</u>
EXPENDITURES				
Personnel salaries	125,480	131,495	\$ 128,000	\$ 3,495
Overtime salaries	4,751	3,061	5,000	(1,939)
Accrued leave buy back	70	70	-	70
Telephone	802	790	900	(110)
Postage	1,831	1,622	2,000	(378)
Natural gas	1,114	1,228	1,500	(272)
Insurance	3,682	3,692	3,900	(208)
Bad debt	2,289	-	2,500	(2,500)
Dues and subscriptions	4,212	1,425	2,500	(1,075)
Training and seminars	2,691	1,516	2,000	(484)
Professional services	3,274	2,877	5,000	(2,123)
Printing and advertising	318	198	200	(2)
Operating supplies	489	337	750	(413)
Repairs and maintenance	23,904	20,503	30,000	(9,497)
Chemicals	3,166	2,900	3,000	(100)
Fuel and oil	8,770	7,041	9,000	(1,959)
Apparatus and tools	239	-	1,500	(1,500)
Office supplies	708	278	500	(222)
Armory utilities	277	278	300	(22)
Uniforms	459	427	750	(323)
Operating transfers	367,124	375,000	375,000	-
TOTAL EXPENDITURES	<u>555,650</u>	<u>554,738</u>	<u>\$ 574,300</u>	<u>\$ (19,562)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(16,503)	102,516		
UNENCUMBERED CASH, BEGINNING	<u>264,489</u>	<u>247,986</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 247,986</u>	<u>\$ 350,502</u>		

CITY OF RUSSELL, KANSAS

WASTEWATER REPLACEMENT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)

For Year Ended December 31, 2018

(With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-24

	2018	2017
	<u>2018</u>	<u>2017</u>
RECEIPTS		
Interest income	\$ 3,999	\$ 1,296
Operating transfers	<u>160,000</u>	<u>152,124</u>
TOTAL RECEIPTS	163,999	153,420
EXPENDITURES		
Capital outlay	<u>124,006</u>	<u>55,069</u>
RECEIPTS OVER (UNDER) EXPENDITURES	39,993	98,351
UNENCUMBERED CASH, BEGINNING	<u>413,569</u>	<u>315,218</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 453,562</u></u>	<u><u>\$ 413,569</u></u>

CITY OF RUSSELL, KANSAS

SANITATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-25
 Page 1 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Consumer sales	\$ 367,560	\$ 368,077	\$ 378,000	\$ (9,923)
Consumer sales - landfill	201,246	194,639	205,000	(10,361)
Bad debt	-	60	-	60
Sales tax	702	824	1,000	(176)
Polykart sales	9,630	8,853	7,500	1,353
Recycling sales	8,353	4,107	3,500	607
Penalty	2,104	2,181	1,400	781
Reimbursed expense	-	5,765	-	5,765
Interest income	1,211	3,165	800	2,365
Miscellaneous revenue	3,026	5,274	4,800	474
TOTAL RECEIPTS	593,832	592,945	\$ 602,000	\$ (9,055)
EXPENDITURES				
General and administrative				
Sales tax	683	713	\$ 1,000	\$ (287)
Professional services	2,152	2,483	3,000	(517)
Postage	1,225	1,069	1,500	(431)
Bad debt	2,562	-	750	(750)
Repairs and maintenance	81	12	500	(488)
Supplies	108	-	13,500	(13,500)
Armory utilities	66	113	100	13
Dues, licenses, fees, and subscriptions	1,382	1,418	1,900	(482)
Total general and administrative	8,259	5,808	22,250	(16,442)
Sanitation				
Personnel salaries	128,073	113,236	148,000	(34,764)
Overtime salaries	520	549	1,000	(451)
Accrued leave buy back	70	250	350	(100)
Landfill charges	97,534	103,325	110,000	(6,675)
Training and seminars	1,707	1,953	2,000	(47)

CITY OF RUSSELL, KANSAS

SANITATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-25
 Page 2 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Sanitation (continued)				
Insurance	\$ 2,427	\$ 2,637	\$ 2,500	\$ 137
Professional services	325	1,083	750	333
Printing and advertising	261	257	500	(243)
Operating supplies	62	14,575	10,000	4,575
Repairs and maintenance	4,431	4,638	8,000	(3,362)
Fuel and oil	10,627	13,340	15,000	(1,660)
Uniforms	1,571	1,170	1,800	(630)
Total sanitation	247,608	257,013	299,900	(42,887)
Operating transfers	225,000	185,000	185,000	-
TOTAL EXPENDITURES	480,867	447,821	<u>\$ 507,150</u>	<u>\$ (59,329)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	112,965	145,124		
UNENCUMBERED CASH, BEGINNING	141,412	254,377		
UNENCUMBERED CASH, ENDING	<u>\$ 254,377</u>	<u>\$ 399,501</u>		

CITY OF RUSSELL, KANSAS

SANITATION RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)

For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

	Schedule 2-26	
	2018	2017
RECEIPTS		
Interest income	\$ 260	\$ -
Operating transfers	60,000	75,000
TOTAL RECEIPTS	60,260	75,000
EXPENDITURES		
Capital outlay	-	394
RECEIPTS OVER (UNDER) EXPENDITURES	60,260	74,606
UNENCUMBERED CASH, BEGINNING	75,251	645
UNENCUMBERED CASH, ENDING	<u>\$ 135,511</u>	<u>\$ 75,251</u>

CITY OF RUSSELL, KANSAS

RUSSELL RECREATION COMMISSION
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2018
 (With Comparative Actual Totals For Prior Year Ended December 31, 2017)

Schedule 2-27

	Prior Year Actual	Current Year		Over (Under) Budget
	Actual	Actual	Budget	Budget
RECEIPTS				
Tax appropriations	\$ 128,017	\$ 129,568	\$ 132,240	\$ (2,672)
Program fees	28,552	30,412	35,000	(4,588)
Concessions	5,796	6,172	6,000	172
Gate revenue	4,943	2,636	7,000	(4,364)
Tournament entry fees	9,236	5,098	7,500	(2,402)
Memberships	44,286	53,498	50,000	3,498
Recreation building - rentals	1,700	1,650	2,000	(350)
Grants	-	4,950	-	4,950
Other receipts	340	898	5,000	(4,102)
Interest on investments	300	272	1,200	(928)
TOTAL RECEIPTS	<u>223,170</u>	<u>235,154</u>	<u>\$ 245,940</u>	<u>\$ (10,786)</u>
EXPENDITURES				
Salaries				
Director	44,116	44,500	\$ 47,000	\$ (2,500)
Other	26,152	26,128	40,000	(13,872)
Concessions	2,760	2,802	3,000	(198)
Building	17,581	19,448	-	19,448
Program salaries	22,841	20,724	-	20,724
Health insurance	3,051	3,616	1,600	2,016
KPERS contributions	6,545	7,427	4,800	2,627
Workers' compensation	-	-	530	(530)
Payroll tax	9,833	10,054	7,770	2,284
Unemployment tax	440	789	1,300	(511)
Accounting and reporting	6,564	6,233	6,500	(267)
Automobile expense	2,103	2,247	3,500	(1,253)
Awards	1,093	777	1,000	(223)
Concession				
Products	3,532	4,019	4,500	(481)
Sales tax	1,547	657	-	657
Insurance	6,408	4,989	5,200	(211)
Memorial Park				
Maintenance	17,931	17,102	21,000	(3,898)
Improvements	6,419	4,021	35,000	(30,979)
Capital equipment	-	5,906	15,000	(9,094)
Office expense	14,941	17,105	13,340	3,765
Recreation Center				
Equipment	2,045	14,228	-	14,228
Building				
Supplies	5,830	2,582	-	2,582
Utilities	4,770	4,452	-	4,452
Repairs and maintenance	2,460	5,157	-	5,157
Program expense	19,384	17,239	26,000	(8,761)
Tournament				
Expenses	-	90	2,200	(2,110)
Officials	10,470	6,297	4,800	1,497
Travel	-	-	500	(500)
Grant				
Salaries	581	-	-	-
Expense	-	5,752	-	5,752
Legal General Fund budget	<u>239,397</u>	<u>254,341</u>	<u>244,540</u>	<u>9,801</u>
Adjustment for qualifying budget credits	<u>-</u>	<u>-</u>	<u>4,950</u>	<u>(4,950)</u>
TOTAL EXPENDITURES	<u>239,397</u>	<u>254,341</u>	<u>\$ 249,490</u>	<u>\$ 4,851</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>(16,227)</u>	<u>(19,187)</u>		
UNENCUMBERED CASH, BEGINNING	<u>97,677</u>	<u>81,450</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 81,450</u>	<u>\$ 62,263</u>		

CITY OF RUSSELL, KANSAS

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For Year Ended December 31, 2018

Schedule 3

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Drug Task Force Program	\$ 3,612	\$ 30	\$ -	\$ 3,642
Municipal Court	7,311	48,514	47,512	8,313
Fire Fighter Activity	5,136	9,830	5,679	9,287
Sink or Swim	1,772	113	600	1,285
Total	<u>\$ 17,831</u>	<u>\$ 58,487</u>	<u>\$ 53,791</u>	<u>\$ 22,527</u>

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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 and 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 of City of Russell, Kansas (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated July 25, 2019, which was modified because the financial statement is prepared on the regulatory basis of accounting.

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) to determine the 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 a material weakness. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. 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 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.

A handwritten signature in cursive script that reads "Lindburg Vogel Pierce Laris".

Certified Public Accountants

Hutchinson, Kansas
July 25, 2019

CITY OF RUSSELL, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2018

Page 1 of 2

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's I.D. Number	Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-through Kansas Department of Administration			
Fire Management Assistance Grant	97.046	FM-5172	\$ 1,102
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-through Kansas Department of Commerce			
Community Development Block Grants	14.228	18-PF-026	542,306
U.S. DEPARTMENT OF TRANSPORTATION			
Direct award			
Airport Improvement Program	20.106	N/A	249,223
Pass-through Kansas Department of Transportation			
Bus and Bus Facilities Formula Grants	20.526	300901	34,982
TOTAL			<u>\$ 827,613</u>

CITY OF RUSSELL, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2018

Page 2 of 2

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2018, 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 OMB 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.

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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

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, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
July 25, 2019

CITY OF RUSSELL, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For Year Ended December 31, 2018

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statement of 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 to the financial statement.
2. No significant deficiencies relating to the audit of the financial statement 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 were disclosed during the audit.
4. No deficiencies material to major federal award programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs expressed an unmodified opinion.
6. There were no audit findings relative to federal award programs.
7. The programs tested as major programs include:

	<u>CFDA No.</u>
Community Development Block Grants	14.228

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, 2018

There were no prior year findings required to be reported.