

CITY OF RUSSELL, KANSAS

DECEMBER 31, 2021



CITY OF RUSSELL, KANSAS

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INDEPENDENT AUDITORS' REPORT

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

Adverse and Unmodified Opinions

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash balances of the City of Russell, Kansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse and Unmodified Opinions on U.S. Generally Accepted Accounting Principles" section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on the Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1—Summary of Significant Accounting Policies.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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

As discussed in Note 1—Summary of Significant Accounting Policies of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

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

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

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS) and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2021 fund summary statement of receipts, expenditures, and unencumbered cash balances – regulatory basis (basic financial statement) as a whole. The summary of expenditures – regulatory basis – actual and budget, the individual fund schedules of receipts and expenditures – regulatory basis – actual and budget, and the agency funds schedule of receipts and disbursements – regulatory basis (Schedules 1 through 3, as listed in the table of contents) are presented for additional analysis and are not a required part of the 2021 basic financial statement; however, they are required to be presented under the provisions in *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statement of the City. Such 2021 information is the responsibility of management and the supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 2021 basic financial statement as a whole, on the basis of accounting described in Note 1—Summary of Significant Accounting Policies.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City, as of and for the year ended December 31, 2020, not presented herein, and have issued our report thereon dated May 28, 2021, which contained an unmodified opinion on the regulatory basis basic financial statement. The 2020 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 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2021 (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 2020 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 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lindburg Vogel Pierce Faris". The signature is written in a cursive, flowing style.

Certified Public Accountants

Hutchinson, Kansas

June 16, 2022

CITY OF RUSSELL, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
For Year Ended December 31, 2021

Page 1 of 3

Funds	Unencumbered Cash Balance 01/01/21	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance 12/31/21	Add Encumbrances and Accounts Payable	Cash Balance 12/31/21
GENERAL FUND	\$ 1,765,635	\$ 11,643	\$ 3,557,767	\$ 3,363,058	\$ 1,971,987	\$ 84,654	\$ 2,056,641
SPECIAL PURPOSE FUNDS							
Airport	89,984	-	68,227	48,924	109,287	225	109,512
Industrial	78,383	-	127,800	106,749	99,434	7,170	106,604
Special Highway	115,321	-	127,969	78,315	164,975	5,000	169,975
Library	3,328	-	154,468	157,796	-	-	-
Fire Equipment	56,452	-	31,153	12,756	74,849	-	74,849
Recreation	2,894	-	129,393	132,287	-	-	-
Personnel Benefits	616,561	-	1,523,839	1,787,001	353,399	6,376	359,775
Special Parks and Recreation	68,133	-	16,658	4,908	79,883	-	79,883
Capital Improvements	1,259,741	-	778,380	1,795,110	243,011	657,282	900,293
Equipment Reserve	223,582	300	85,198	132,723	176,357	28,731	205,088
Risk Management Reserve	16,535	855	14	133	17,271	-	17,271
TOTAL SPECIAL PURPOSE FUNDS	2,530,914	1,155	3,043,099	4,256,702	1,318,466	704,784	2,023,250
BOND AND INTEREST FUND							
Bond and Interest	111,542	-	460,837	460,313	112,066	-	112,066
TRUST FUNDS							
Johnson Trust	903,367	-	308,985	492,700	719,652	472,000	1,191,652
Deines Center Trust	25,066	-	20	-	25,086	-	25,086
Health Insurance Trust	343,858	-	1,157,716	1,184,634	316,940	-	316,940
Donation	11,061	-	-	936	10,125	-	10,125
TOTAL TRUST FUNDS	1,283,352	-	1,466,721	1,678,270	1,071,803	472,000	1,543,803

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, 2021

Page 2 of 3

Funds	Unencumbered Cash Balance 01/01/21	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance 12/31/21	Add Encumbrances and Accounts Payable	Cash Balance 12/31/21
CAPITAL PROJECT FUNDS							
Airport Improvement Project	\$ (596,448)	\$ -	\$ 596,448	\$ -	\$ -	\$ -	\$ -
BUSINESS FUNDS							
Electric	7,604,017	17,629	8,888,954	8,970,736	7,539,864	531,584	8,071,448
Electric Depreciation Reserve	1,884,154	-	397,971	125,457	2,156,668	36,763	2,193,431
Water	1,874,612	1,345	2,495,487	2,486,196	1,885,248	95,730	1,980,978
Water Depreciation Reserve	-	5,000	830,668	746,326	89,342	478,534	567,876
Wastewater	629,926	291	867,737	908,683	589,271	14,085	603,356
Wastewater Replacement	386,359	5,590	510,706	571,975	330,680	487,867	818,547
Sanitation	352,243	134	618,847	595,911	375,313	13,330	388,643
Sanitation Reserve	258,338	-	75,245	-	333,583	-	333,583
TOTAL BUSINESS FUNDS	12,989,649	29,989	14,685,615	14,405,284	13,299,969	1,657,893	14,957,862
RELATED MUNICIPAL ENTITIES							
Russell Recreation Commission	69,095	-	258,205	260,779	66,521	1,638	68,159
TOTAL FINANCIAL REPORTING ENTITY (Excluding Agency Funds)	\$ 18,153,739	\$ 42,787	\$ 24,068,692	\$ 24,424,406	\$ 17,840,812	\$ 2,920,969	\$ 20,761,781

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, 2021

Page 3 of 3

COMPOSITION OF CASH

Cash on hand	\$ 500
Checking account	7,427,208
KMEA deposit	64,428
Money Market and Certificate's of deposit	7,135,811
Treasury Daily Fund	424,118
Kansas Municipal Investment Pool	5,680,768
Total Related Municipal Entities	<u>68,163</u>

TOTAL CASH 20,800,996

AGENCY FUNDS (Schedule 3) (39,215)TOTAL REPORTING ENTITY \$ 20,761,781

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

CITY OF RUSSELL, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

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

- Russell Library
- Russell Housing Authority

B. Regulatory Basis Fund Types

General Fund

The chief operating fund is used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund

Used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specific purposes.

Bond and Interest Fund

Used to account for the accumulation of resources, including tax levies, transfers from other funds, and payment of general long-term debt.

Capital Project Fund

Used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund

Funds financed in whole or in part by fees charged to users of the goods or services (i.e. Water Fund, Electric Fund, etc.).

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Regulatory Basis Fund Types (Continued)

Trust Fund

Funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds, which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Fund

Funds used to report assets held by the municipal reporting entity in a purely custodial capacity (i.e. Payroll Clearing Fund, county treasurer tax collection accounts, etc.).

C. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles, and allowing the City to use the regulatory basis of accounting.

D. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the City is holding a revenue rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The City amended the Special Parks Fund budget for the year ended December 31, 2021.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Information (Continued)

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

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

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

E. Reimbursements

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

F. Restricted Assets

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

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

G. Property Taxes

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes (Continued)

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

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

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

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

NOTE 3—DEPOSITS AND INVESTMENTS

As of December 31, 2021, 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	\$ 424,118	\$ 424,118	\$ -	N/A
Kansas Municipal Investment Pool	5,680,768	5,680,768	-	N/A
	<u>\$ 6,104,886</u>	<u>\$ 6,104,886</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 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. The rating of the City's investments is noted above.

NOTE 3—DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's investment policy does provide for an investment limitation of 55% per financial institution. The City's policy states that the Kansas Municipal Investment Pool (KMIP) is not to be considered as a financial institution. The City's allocation of investments as of December 31, 2021, is as follows:

<u>Investments</u>	<u>Percentage of Investments</u>
Treasury Fund Daily	7
Kansas Municipal Investment Pool	93

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required, coverage is 50%. In 2021, the City did not enter into any peak depository agreement. All deposits were legally secured at December 31, 2021.

At December 31, 2021, the City's carrying amount of deposits was \$14,563,019 and the bank balance was \$14,541,944. The bank balance was held by four banks, which did not result in a concentration of credit risk. Of the bank balance, \$4,055,915 was covered by the Federal Deposit Insurance Corporation and \$10,486,029 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2021, the Recreation Commission's carrying amount of deposits was \$68,163 and the bank balance was \$68,836. 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, 2021, the City had invested \$424,118 in Treasury Fund Daily, through a brokerage account with UMB Financial Services, Inc. This investment is not rated; however, the brokerage account is insured through Securities Investor Protection Corporation, up to \$500,000.

At December 31, 2021, the City had invested \$5,680,768 in the KMIP. KMIP is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligation of, or obligations that are insured as to principal and interest, by the U.S. Government or any agency thereof, with maturities up to four years. No more than 10% of those funds may be invested in mortgage-backed securities. In addition, KMIP may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

NOTE 4—LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2021, were as follows:

Issue	Interest Rates	Dates of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2015-A	0.75-3.00%	10/28/15	\$ 1,015,000	08/01/30	\$ 705,000	\$ -	\$ 65,000	\$ 640,000	\$ 16,983
Series 2020-A	1.55-1.85%	03/10/20	2,601,000	08/01/27	2,270,000		340,000	1,930,000	38,330
Revolving Loans									
KPWS Loan Fund - 2791	2.23%	11/08/12	1,223,635	02/01/34	900,955	-	55,493	845,462	19,784
KPWS Loan Fund - 2731	2.42%	01/09/12	350,099	02/01/33	230,191	-	15,977	214,214	5,475
Lease Purchase Agreements									
Community First National Bank	3.174%	12/09/19	385,497	12/09/31	358,601	-	27,749	330,852	11,382
					<u>\$ 4,464,747</u>	<u>\$ -</u>	<u>\$ 504,219</u>	<u>\$ 3,960,528</u>	<u>\$ 91,954</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	2022	2023	2024	2025	2026	2027-2031	2032-2043	Total
PRINCIPAL								
General Obligation Bonds								
Series 2015-A	\$ 65,000	\$ 65,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 300,000	\$ -	\$ 640,000
Series 2020-A	345,000	350,000	355,000	365,000	370,000	145,000	-	1,930,000
Revolving Loans								
KPWS Loan Fund - 2791	56,737	58,010	59,311	60,641	62,000	331,490	217,273	845,462
KPWS Loan Fund - 2731	16,366	16,764	17,172	17,591	18,018	96,890	31,413	214,214
Lease Purchase Agreements								
Community First National Bank	28,630	29,539	30,476	31,444	32,441	178,322	-	330,852
TOTAL PRINCIPAL	<u>\$ 511,733</u>	<u>\$ 519,313</u>	<u>\$ 531,959</u>	<u>\$ 544,676</u>	<u>\$ 552,459</u>	<u>\$ 1,051,702</u>	<u>\$ 248,686</u>	<u>\$ 3,960,528</u>

NOTE 4—LONG-TERM DEBT (CONTINUED)

Issue	2022	2023	2024	2025	2026	2027-2031	2032-2043	Total
INTEREST								
General Obligation Bonds								
Series 2015-A	\$ 15,910	\$ 14,838	\$ 13,538	\$ 12,138	\$ 10,388	\$ 22,400	\$ -	\$ 89,212
Series 2020-A	33,060	27,540	21,765	15,730	9,343	2,683	-	110,121
Revolving Loans								
KPWS Loan Fund - 2791	18,539	17,267	15,966	14,636	13,276	44,893	8,557	133,134
KPWS Loan Fund - 2731	5,086	4,687	4,279	3,861	3,433	10,365	763	32,474
Lease Purchase Agreements								
Community First National								
Bank	10,501	9,593	8,655	7,688	6,690	17,333	-	60,460
TOTAL INTEREST	<u>\$ 83,096</u>	<u>\$ 73,925</u>	<u>\$ 64,203</u>	<u>\$ 54,053</u>	<u>\$ 43,130</u>	<u>\$ 97,674</u>	<u>\$ 9,320</u>	<u>\$ 425,401</u>
TOTAL PRINCIPAL AND INTEREST								
	<u>\$ 544,566</u>	<u>\$ 547,028</u>	<u>\$ 543,977</u>	<u>\$ 550,536</u>	<u>\$ 43,130</u>	<u>\$ 97,674</u>	<u>\$ 9,320</u>	<u>\$ 2,336,231</u>

The City issued a KWPCRF loan, Project No. C20 2052 01, in the amount of \$3,391,670. Drawdowns for the loan will take place during 2022. The first payment will take place on September 1, 2023, with the payment of principal in the amount of \$65,596 and interest in the amount of \$43,074.

The City issued a KPWS loan, Project No. 3057, in the amount of \$4,570,000. Drawdowns for the loan will take place during 2022. The first payment will take place on February 1, 2023, with the payment of principal in the amount of \$100,409 and interest in the amount of \$29,705 and the second on August 1, 2023, with the payment of principal in the amount of \$101,062 and interest in the amount of \$29,052.

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.

NOTE 5—DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$371,109 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was \$2,542,035. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the Kansas Municipal Audit and Accounting Guide regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

NOTE 6—OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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

Death and Disability other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2021.

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.

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

Compensated Absences and Other Employee Benefits (continued)

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

The accumulated vacation, sick leave, and comp time liability at December 31, 2021, is \$156,307, \$70,061, and \$8,176, 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, 2021.

NOTE 7—INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund	To Fund	Authority	Amount
General	Industrial Development	K.S.A. 12-197	\$ 32,718
General	Capital Improvement	K.S.A. 12-1,118	326,872
General	Equipment Reserve	K.S.A. 12-1,117	84,132
Electric	General	K.S.A. 12-825d	450,000
Electric	Personnel Benefits	K.S.A. 12-825d	500,000
Water	Personnel Benefits	K.S.A. 12-825d	340,000
Water	Bond and Interest	K.S.A. 12-825d	460,752
Water	General	K.S.A. 12-825d	120,000
Water	Water Depreciation Reserve	K.S.A. 12-825d	300,000
Wastewater	General	K.S.A. 12-825d	110,000
Wastewater	Personnel Benefits	K.S.A. 12-825d	85,000
Wastewater	Wastewater Replacement	K.S.A. 12-631o	510,000
Sanitation	General	K.S.A. 12-825d	90,000
Sanitation	Personnel Benefits	K.S.A. 12-825d	97,000
Electric	Electric Depreciation Reserve	K.S.A. 12-825d	350,000
Sanitation	Sanitation Reserve	K.S.A. 12-825d	750,000
Airport	Airport Improvement	K.S.A. 12-6a16	6,762
General	Airport	K.S.A. 12-197	139

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 2021, and settled claims from these risks have not exceeded commercial insurance coverage. The City's electrical distribution system is not insured.

NOTE 9—JOINT VENTURE

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

The City paid \$4,629 in February 2021, for their share of the 2020 net expenses. In 2020, the City paid \$407 for their share of the 2019 net expenses.

NOTE 10—CAPITAL PROJECTS

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

	Project Authorization	Expenditures to Date
Park upgrades	<u>\$ 232,457</u>	<u>\$ -</u>
South Fossil sidewalk project	<u>\$ 444,500</u>	<u>\$ -</u>
South Fossil expansion	<u>\$ 2,750,000</u>	<u>\$ -</u>
Sewer Lagoon Rehabilitation	<u>\$ 3,671,848</u>	<u>\$ 133,545</u>
Lincoln Street improvement project	<u>\$ 1,592,800</u>	<u>\$ 1,113,578</u>
Water Plant A Rehabilitation	<u>\$ 4,905,499</u>	<u>\$ 120,000</u>

NOTE 11—SUBSEQUENT EVENTS

In January 2022, the City was awarded \$360,300 from the Kansas Small Cities Community Development Block Grant Program to Mill and Overlay West Wichita Ave. The total project cost is estimated to be \$720,600.

CITY OF RUSSELL, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For Year Ended December 31, 2021

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	\$ 4,711,957	\$ -	\$ 4,711,957	\$ 3,363,058	\$ (1,348,899)
SPECIAL PURPOSE FUNDS					
Airport	139,450	-	139,450	48,924	(90,526)
Industrial	125,500	-	125,500	106,749	(18,751)
Special Highway	215,410	-	215,410	78,315	(137,095)
Library	160,000	-	160,000	157,796	(2,204)
Fire Equipment	133,790	-	133,790	12,756	(121,034)
Recreation	134,290	-	134,290	132,287	(2,003)
Personnel Benefits	1,859,523	-	1,859,523	1,787,001	(72,522)
Special Parks and Recreation	81,541	-	81,541	4,908	(76,633)
BOND AND INTEREST FUND					
Bond and Interest	460,313	-	460,313	460,313	-
BUSINESS FUNDS					
Electric	9,872,863	-	9,872,863	8,970,736	(902,127)
Water	2,873,372	-	2,873,372	2,486,196	(387,176)
Wastewater	1,039,514	-	1,039,514	908,683	(130,831)
Sanitation	619,149	-	619,149	595,911	(23,238)
RELATED MUNICIPAL ENTITY					
Russell Recreation Commission	321,400	-	321,400	260,779	(60,621)

CITY OF RUSSELL, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-1
 Page 1 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	Budget
RECEIPTS				
Taxes				
Ad valorem	\$ 997,548	\$ 1,112,353	\$ 1,165,172	\$ (52,819)
Delinquent	43,632	46,818	-	46,818
Motor vehicle	145,650	158,544	166,414	(7,870)
Recreational vehicle	4,254	4,772	4,819	(47)
16/20M vehicle	2,474	2,007	2,630	(623)
Neighborhood revitalization rebate	(23,680)	(27,784)	(27,624)	(160)
County sales	203,437	210,021	200,000	10,021
Local sales	405,535	467,401	400,000	67,401
Total taxes	1,778,850	1,974,132	1,911,411	62,721
Intergovernmental				
Liquor tax	10,775	16,591	13,108	3,483
State Highway Connecting Links	43,430	43,370	26,000	17,370
State of Kansas KDOT Grant	56,527	70,470	41,000	29,470
Federal and state FEMA	-	1,119	-	1,119
County 911 reimbursement	266,796	292,419	289,796	2,623
Total intergovernmental	377,528	423,969	369,904	54,065
Licenses and permits				
Franchise tax	158,344	172,282	155,000	17,282
Licenses	43,972	20,474	12,800	7,674
Permits	41,884	10,872	8,500	2,372
Total licenses and permits	244,200	203,628	176,300	27,328
Fines and forfeitures				
Fines and court fees	35,407	33,346	45,000	(11,654)
Uses of money and property				
Interest earned	12,592	4,048	8,000	(3,952)
Royalties	306	284	200	84
Total uses of money and property	12,898	4,332	8,200	(3,868)
Miscellaneous revenue				
Weed abatement fees	2,825	2,619	850	1,769
General transportation fares	9,279	10,812	12,000	(1,188)
Golf course fees - membership	69,423	73,669	54,150	19,519
Cemetery receipts	10,007	9,250	7,000	2,250
Reimbursed expense	8,208	252	5,000	(4,748)
Impound fees	1,519	2,041	1,000	1,041
Swimming pool	14,254	25,706	18,000	7,706
Structure removal fees	9,906	-	-	-
Other grants	242,473	1,996	-	1,996
Miscellaneous receipts	23,988	22,015	15,000	7,015
Total miscellaneous revenue	391,882	148,360	113,000	35,360
Operating transfers	770,000	770,000	770,000	-
TOTAL RECEIPTS	3,610,765	3,557,767	\$ 3,393,815	\$ 163,952

CITY OF RUSSELL, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-1
 Page 2 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES				
Mayor/Council	\$ 77,711	\$ 68,093	\$ 62,025	\$ 6,068
City Manager	148,402	158,837	137,893	20,944
City Clerk	197,107	206,770	217,686	(10,916)
Transportation	59,712	64,091	64,976	(885)
Police department	554,425	563,754	569,554	(5,800)
Public works, inspection	89,401	50,364	52,456	(2,092)
Fire department	189,998	178,128	208,595	(30,467)
Municipal Court	55,675	44,408	61,668	(17,260)
911 dispatch	451,973	466,932	482,994	(16,062)
Building, planning, and zoning	165,331	157,865	162,869	(5,004)
Street department	348,484	369,865	351,192	18,673
Golf course	182,029	191,634	199,078	(7,444)
Swimming pool	52,533	87,868	121,150	(33,282)
Park department	245,466	248,057	257,086	(9,029)
Deines Cultural Center	46,098	56,194	51,635	4,559
Armory	6,376	6,337	11,000	(4,663)
Capital improvements	-	-	1,300,000	(1,300,000)
Operating transfers	851,174	443,861	400,100	43,761
TOTAL EXPENDITURES	3,721,895	3,363,058	<u>\$ 4,711,957</u>	<u>\$ (1,348,899)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(111,130)	194,709		
UNENCUMBERED CASH, BEGINNING	1,876,765	1,765,635		
PRIOR YEAR CANCELLED ENCUMBRANCES	-	11,643		
UNENCUMBERED CASH, ENDING	<u>\$ 1,765,635</u>	<u>\$ 1,971,987</u>		

CITY OF RUSSELL, KANSAS

AIRPORT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 49,584	\$ 26,656	\$ 27,928	\$ (1,272)
Delinquent	1,017	1,632	-	1,632
Motor vehicle	3,741	7,498	8,273	(775)
Recreational vehicle	106	228	240	(12)
16/20M vehicle	(1)	57	131	(74)
Neighborhood revitalization rebate	(1,177)	(671)	(662)	(9)
Rental	8,405	9,837	8,000	1,837
Fuel sales	13,263	22,756	20,000	2,756
Interest income	421	95	300	(205)
Grants	9	-	-	-
Operating transfers	89	139	100	39
TOTAL RECEIPTS	<u>75,457</u>	<u>68,227</u>	<u>\$ 64,310</u>	<u>\$ 3,917</u>
EXPENDITURES				
Telephone	398	417	\$ 500	\$ (83)
Insurance	7,412	7,978	8,460	(482)
Dues and subscriptions	152	240	150	90
Professional services	785	1,331	2,140	(809)
Printing and advertising	258	-	100	(100)
Operating supplies	9	-	500	(500)
Repairs and maintenance	797	1,934	5,000	(3,066)
Fuel for resale	9,314	25,216	25,000	216
Sales tax expense	1,166	2,027	2,200	(173)
Credit card fees	2,606	2,794	3,000	(206)
Office supplies	42	-	100	(100)
Capital Improvement	-	225	92,300	(92,075)
Transfer to - Airport Improvement	-	6,762	-	6,762
TOTAL EXPENDITURES	<u>22,939</u>	<u>48,924</u>	<u>\$ 139,450</u>	<u>\$ (90,526)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	52,518	19,303		
UNENCUMBERED CASH, BEGINNING	37,276	89,984		
PRIOR YEAR CANCELLED ENCUMBRANCES	<u>190</u>	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 89,984</u>	<u>\$ 109,287</u>		

CITY OF RUSSELL, KANSAS

INDUSTRIAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-3

	Prior Year Actual	Current Year		Over (Under) Budget
	Actual	Budget		Budget
RECEIPTS				
Taxes				
Ad Valorem	\$ 28,424	\$ 3,272	\$ 3,420	\$ (148)
Delinquent	103	729	-	729
Motor vehicle	-	4,010	4,742	(732)
Recreational vehicle	-	124	137	(13)
16/20M vehicle	-	-	75	(75)
Neighborhood revitalization rebate	(675)	(86)	(81)	(5)
Grants	-	81,275	-	81,275
Interest income	514	80	400	(320)
Reimbursed expense	7,000	840	-	840
Capital sales proceeds	-	4,838	-	4,838
Operating transfers	28,387	32,718	28,000	4,718
TOTAL RECEIPTS	63,753	127,800	\$ 36,693	\$ 91,107
EXPENDITURES				
Dues, subscriptions, and licenses	113	721	\$ -	\$ 721
Repairs and maintenance	-	455	-	455
Professional fees	20,950	16,580	-	16,580
Printing and advertising	2,400	6,108	-	6,108
Economic development incentive	-	81,635	124,250	(42,615)
Economic development	25,000	1,250	1,250	-
TOTAL EXPENDITURES	48,463	106,749	\$ 125,500	\$ (18,751)
RECEIPTS OVER (UNDER) EXPENDITURES	15,290	21,051		
UNENCUMBERED CASH, BEGINNING	63,093	78,383		
UNENCUMBERED CASH, ENDING	\$ 78,383	\$ 99,434		

CITY OF RUSSELL, KANSAS
 SPECIAL HIGHWAY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-4

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Fuel tax	\$ 115,613	\$ 127,807	\$ 100,880	\$ 26,927
Interest income	1,926	162	1,000	(838)
TOTAL RECEIPTS	<u>117,539</u>	<u>127,969</u>	<u>\$ 101,880</u>	<u>\$ 26,089</u>
EXPENDITURES				
Street materials	2,858	-	\$ -	\$ -
Professional services	64,400	4,500	50,000	(45,500)
Operating supplies	-	750	-	750
Capital outlay	-	73,065	165,410	(92,345)
TOTAL EXPENDITURES	<u>67,258</u>	<u>78,315</u>	<u>\$ 215,410</u>	<u>\$ (137,095)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	50,281	49,654		
UNENCUMBERED CASH, BEGINNING	<u>65,040</u>	<u>115,321</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 115,321</u>	<u>\$ 164,975</u>		

CITY OF RUSSELL, KANSAS

LIBRARY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-5

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 135,245	\$ 127,897	\$ 133,983	\$ (6,086)
Delinquent	6,704	6,641	-	6,641
Motor vehicle	23,653	22,122	22,560	(438)
Recreational vehicle	711	662	654	8
16/20M vehicle	341	344	357	(13)
Neighborhood revitalization rebate	(3,210)	(3,198)	(3,177)	(21)
TOTAL RECEIPTS	163,444	154,468	<u>\$ 154,377</u>	<u>\$ 91</u>
EXPENDITURES				
Library appropriation	<u>160,116</u>	<u>157,796</u>	<u>\$ 160,000</u>	<u>\$ (2,204)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	3,328	(3,328)		
UNENCUMBERED CASH, BEGINNING	<u>-</u>	<u>3,328</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 3,328</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, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-6

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 28,394	\$ 23,168	\$ 24,273	\$ (1,105)
Delinquent	1,362	1,337	-	1,337
Motor vehicle	3,995	4,659	4,739	(80)
Recreational vehicle	149	139	137	2
16/20M vehicle	48	74	75	(1)
Neighborhood revitalization rebate	(674)	(580)	(575)	(5)
Interest income	700	106	500	(394)
Miscellaneous income	4,000	-	3,000	(3,000)
Grants	7,991	2,250	-	2,250
TOTAL RECEIPTS	45,965	31,153	<u>\$ 32,149</u>	<u>\$ (996)</u>
EXPENDITURES				
Capital expenses - equipment	<u>66,821</u>	<u>12,756</u>	<u>\$ 133,790</u>	<u>\$ (121,034)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(20,856)	18,397		
UNENCUMBERED CASH, BEGINNING	<u>77,308</u>	<u>56,452</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 56,452</u>	<u>\$ 74,849</u>		

CITY OF RUSSELL, KANSAS

RECREATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-7

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 113,669	\$ 107,144	\$ 112,236	\$ (5,092)
Delinquent	5,803	5,574	-	5,574
Motor vehicle	19,489	18,519	18,963	(444)
Recreational vehicle	399	555	549	6
16/20M vehicle	280	281	300	(19)
Neighborhood revitalization rebate	(2,698)	(2,680)	(2,661)	(19)
TOTAL RECEIPTS	136,942	129,393	<u>\$ 129,387</u>	<u>\$ 6</u>
EXPENDITURES				
Recreation appropriation	134,048	132,287	<u>\$ 134,290</u>	<u>\$ (2,003)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	2,894	(2,894)		
UNENCUMBERED CASH, BEGINNING	-	2,894		
UNENCUMBERED CASH, ENDING	<u>\$ 2,894</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, 2021
(With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-8

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 426,535	\$ 265,518	\$ 286,214	\$ (20,696)
Delinquent	33,370	26,342	-	26,342
Motor vehicle	124,584	84,446	71,149	13,297
Recreational vehicle	3,817	2,261	2,061	200
16/20M vehicle	1,574	1,877	1,125	752
Neighborhood revitalization rebate	(10,124)	(6,858)	(6,786)	(72)
Reimbursed expenses	99,698	127,715	111,645	16,070
Interest income	5,018	497	4,000	(3,503)
Miscellaneous revenue	1,338	41	-	41
Operating transfers	984,200	1,022,000	1,022,000	-
TOTAL RECEIPTS	<u>1,670,010</u>	<u>1,523,839</u>	<u>\$ 1,491,408</u>	<u>\$ 32,431</u>
EXPENDITURES				
Blue Cross/Blue Shield	964,664	1,011,430	\$ 1,001,941	\$ 9,489
Social Security - Medicare	299,428	308,402	332,532	(24,130)
KPERS	370,625	371,019	403,082	(32,063)
Workers' compensation	78,330	90,486	90,273	213
Unemployment insurance	3,777	5,915	30,335	(24,420)
Dues, fees, and subscriptions	11	(251)	1,000	(1,251)
Other insurance	328	-	360	(360)
TOTAL EXPENDITURES	<u>1,717,163</u>	<u>1,787,001</u>	<u>\$ 1,859,523</u>	<u>\$ (72,522)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(47,153)	(263,162)		
UNENCUMBERED CASH, BEGINNING	<u>663,714</u>	<u>616,561</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 616,561</u>	<u>\$ 353,399</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, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-9

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Liquor tax	\$ 10,774	\$ 16,591	\$ 13,108	\$ 3,483
Interest income	407	67	300	(233)
TOTAL RECEIPTS	11,181	16,658	<u>\$ 13,408</u>	<u>\$ 3,250</u>
EXPENDITURES				
Capital outlay	81	4,908	<u>\$ 81,541</u>	<u>\$ (76,633)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	11,100	11,750		
UNENCUMBERED CASH, BEGINNING	57,033	68,133		
UNENCUMBERED CASH, ENDING	<u>\$ 68,133</u>	<u>\$ 79,883</u>		

CITY OF RUSSELL, KANSAS
 CAPITAL IMPROVEMENTS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-10

	2021	2020
RECEIPTS		
Interest income	\$ 1,176	\$ 4,963
Grants	439,280	61,100
Reimbursement	1,202	34,990
Golf course fees	9,850	6,975
Donations	-	3,000
Operating transfers	326,872	607,698
	<hr/>	<hr/>
TOTAL RECEIPTS	778,380	718,726
	<hr/>	<hr/>
EXPENDITURES		
Administration	225	65,500
Airport	30,000	-
Fire	-	9,344
911 dispatch	-	1,356
Community development	73	6,500
Street department	1,716,035	23,679
Golf course	8,909	9,188
Swimming pool	27,868	-
Parks	12,000	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	1,795,110	115,567
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	(1,016,730)	603,159
UNENCUMBERED CASH, BEGINNING	1,259,741	611,145
PRIOR YEAR CANCELLED ENCUMBRANCES	-	45,437
	<hr/>	<hr/>
UNENCUMBERED CASH, ENDING	<u>\$ 243,011</u>	<u>\$ 1,259,741</u>

CITY OF RUSSELL, KANSAS
EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021
(With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-11	
	2021	2020
RECEIPTS		
Interest income	\$ 266	\$ 2,171
Grants	-	152,434
Sale of assets	800	18,850
Operating transfers	84,132	215,000
	<u>85,198</u>	<u>388,455</u>
TOTAL RECEIPTS		
	<u>85,198</u>	<u>388,455</u>
EXPENDITURES		
Police department	56,799	86
Administration	3,950	87,365
Fire	43,243	162,091
Street	28,731	113,030
Transportation	-	68,496
	<u>132,723</u>	<u>431,068</u>
TOTAL EXPENDITURES		
	<u>132,723</u>	<u>431,068</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(47,525)	(42,613)
UNENCUMBERED CASH, BEGINNING	223,582	262,943
PRIOR YEAR CANCELLED ENCUMBRANCES	300	3,252
	<u>300</u>	<u>3,252</u>
UNENCUMBERED CASH, ENDING	<u>\$ 176,357</u>	<u>\$ 223,582</u>

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2021

(With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-12	
	2021	2020
RECEIPTS		
Interest income	\$ 14	\$ 131
EXPENDITURES		
Transit	-	1,081
Police	133	2,560
TOTAL EXPENDITURES	133	3,641
RECEIPTS OVER (UNDER) EXPENDITURES	(119)	(3,510)
UNENCUMBERED CASH, BEGINNING	16,535	20,045
PRIOR YEAR CANCELLED ENCUMBRANCES	855	-
UNENCUMBERED CASH, ENDING	<u>\$ 17,271</u>	<u>\$ 16,535</u>

CITY OF RUSSELL, KANSAS

BOND AND INTEREST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)

For Year Ended December 31, 2021

(With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-13

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Delinquent	\$ 1	\$ 2	\$ -	\$ 2
Interest income	567	83	400	(317)
Operating transfers	470,640	460,752	460,752	-
TOTAL RECEIPTS	471,208	460,837	\$ 461,152	\$ (315)
EXPENDITURES				
Bond principal	396,000	405,000	\$ 405,000	\$ -
Interest coupons	67,453	55,313	55,313	-
TOTAL EXPENDITURES	463,453	460,313	\$ 460,313	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	7,755	524		
UNENCUMBERED CASH, BEGINNING	103,787	111,542		
UNENCUMBERED CASH, ENDING	\$ 111,542	\$ 112,066		

CITY OF RUSSELL, KANSAS
 AIRPORT IMPROVEMENT PROJECT
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-14	
	2021	2020
RECEIPTS		
Grant	\$ 589,685	\$ 56,100
Operating transfers	6,763	-
TOTAL RECEIPTS	596,448	56,100
EXPENDITURES	-	596,447
RECEIPTS OVER (UNDER) EXPENDITURES	596,448	(540,347)
UNENCUMBERED CASH, BEGINNING	(596,448)	(56,101)
UNENCUMBERED CASH, ENDING	\$ -	\$ (596,448)

CITY OF RUSSELL, KANSAS
JOHNSON TRUST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021
(With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-15	
	2021	2020
RECEIPTS		
Trust distributions	\$ 308,083	\$ -
Interest income	902	5,791
TOTAL RECEIPTS	308,985	5,791
EXPENDITURES		
Operating supplies	15,000	-
Capital expense	477,700	-
TOTAL EXPENDITURES	492,700	-
RECEIPTS OVER (UNDER) EXPENDITURES	(183,715)	5,791
UNENCUMBERED CASH, BEGINNING	903,367	897,576
UNENCUMBERED CASH, ENDING	<u>\$ 719,652</u>	<u>\$ 903,367</u>

CITY OF RUSSELL, KANSAS
 DEINES CENTER TRUST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-16	
	2021	2020
RECEIPTS		
Interest income	\$ 20	\$ 161
EXPENDITURES	-	-
RECEIPTS OVER (UNDER) EXPENDITURES	20	161
UNENCUMBERED CASH, BEGINNING	25,066	24,905
UNENCUMBERED CASH, ENDING	<u>\$ 25,086</u>	<u>\$ 25,066</u>

CITY OF RUSSELL, KANSAS
 HEALTH INSURANCE TRUST
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-17	
	<u>2021</u>	<u>2020</u>
RECEIPTS		
Health insurance contribution	\$ 1,010,175	\$ 958,768
Reimbursed expense	<u>147,541</u>	<u>159,989</u>
TOTAL RECEIPTS	1,157,716	1,118,757
EXPENDITURES	<u>1,184,634</u>	<u>1,018,272</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(26,918)	100,485
UNENCUMBERED CASH, BEGINNING	<u>343,858</u>	<u>243,373</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 316,940</u></u>	<u><u>\$ 343,858</u></u>

CITY OF RUSSELL, KANSAS
DONATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021
(With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-18	
	2021	2020
RECEIPTS		
Other income	\$ -	\$ 2,662
EXPENDITURES		
Professional services	-	3,500
Operating supplies	186	-
Capital expense	750	500
TOTAL EXPENDITURES	936	4,000
RECEIPTS OVER (UNDER) EXPENDITURES	(936)	(1,338)
UNENCUMBERED CASH, BEGINNING	11,061	12,399
UNENCUMBERED CASH, ENDING	<u>\$ 10,125</u>	<u>\$ 11,061</u>

CITY OF RUSSELL, KANSAS

ELECTRIC FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-19
 Page 1 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
	Actual	Actual	Budget	Budget
RECEIPTS				
Sale of electricity	\$ 8,922,327	\$ 8,812,068	\$ 8,500,000	\$ 312,068
Late payment penalty	8,715	10,556	8,000	2,556
Reimbursed expense	10,528	17	-	17
Customer deposits	-	2,116	-	2,116
Bad debt collections	66	150	-	150
Rent income	5,457	-	5,457	(5,457)
Grant	3,538	-	-	-
Interest income	49,142	7,325	15,000	(7,675)
Miscellaneous revenue	109,485	56,722	-	56,722
TOTAL RECEIPTS	9,109,258	8,888,954	\$ 8,528,457	\$ 360,497
EXPENDITURES				
General and administrative				
Personnel salaries	163,562	177,718	\$ 178,216	\$ (498)
Accrued leave buy back	125	250	320	(70)
Telephone	1,136	1,199	1,200	(1)
Postage	7,341	7,587	6,500	1,087
Insurance	808	717	800	(83)
Fuel and oil	-	53	250	(197)
Professional services	20,290	21,102	35,000	(13,898)
Dues and subscriptions	19,017	17,806	20,000	(2,194)
Sales tax	2,433	2,173	2,500	(327)
Training and seminars	9,557	13,806	12,000	1,806
Printing and advertising	750	32	1,000	(968)
Interest on consumer deposits	75	58	100	(42)
Supplies	423	1,841	250	1,591
Operating supplies	-	-	500	(500)
Consumer deposits refunded	5,942	-	-	-
Office supplies	8	55	250	(195)
Repairs and maintenance	9	10,765	250	10,515
Apparatus and tools	-	959	12,000	(11,041)
Uniforms	-	-	300	(300)
Armory utilities	2,677	2,881	4,500	(1,619)
Capital expense - equipment	8,465	1,698	-	1,698
Total general and administrative	242,618	260,700	275,936	(15,236)

CITY OF RUSSELL, KANSAS

ELECTRIC FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-19
 Page 2 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
	Actual	Actual	Budget	Budget
EXPENDITURES (CONTINUED)				
Production				
Personnel salaries	\$ 413,808	\$ 428,879	\$ 398,702	\$ 30,177
Overtime salaries	12,860	15,895	10,000	5,895
Accrued leave buy back	1,155	708	750	(42)
Telephone	4,324	4,636	5,500	(864)
Postage	-	39	100	(61)
Natural gas	3,034	5,561	3,000	2,561
Insurance	164,206	167,649	170,000	(2,351)
Dues and subscription	5,331	24,683	2,500	22,183
Training and seminars	695	272	5,000	(4,728)
Professional services	25,056	9,398	32,000	(22,602)
Printing and advertising	15	209	250	(41)
Compensating use tax	257	889	350	539
Operating supplies	1,586	779	2,500	(1,721)
Repairs and maintenance	131,082	30,695	90,000	(59,305)
Generation fuel and oil	19,467	76,842	25,000	51,842
Natural gas	5,751	5,722	35,000	(29,278)
Turbine maintenance	20,734	19,957	60,000	(40,043)
Transport natural gas - turbines	22,461	18,259	25,000	(6,741)
Purchased power	4,811,165	5,624,789	6,500,000	(875,211)
Chemicals	15,851	14,718	12,000	2,718
Fuel and oil	1,466	2,517	3,000	(483)
Apparatus and tools	2,405	3,423	8,000	(4,577)
Office supplies	2,028	1,976	2,000	(24)
Uniforms	3,105	4,410	5,000	(590)
Transport downtown power plant	171	1,524	3,000	(1,476)
Capital expenditures				
Building	6,743	-	-	-
Equipment	275	-	-	-
Total production	5,675,031	6,464,429	7,398,652	(934,223)
Transportation and distribution				
Personnel salaries	473,045	492,557	639,435	(146,878)
Overtime salaries	7,448	2,288	13,000	(10,712)
Accrued leave buy back	56	28	350	(322)
Telephone	1,535	1,454	900	554
Natural gas	2,536	2,959	3,800	(841)
Postage	115	217	90	127
Insurance	14,548	15,975	14,500	1,475

CITY OF RUSSELL, KANSAS

ELECTRIC FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

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	\$ 15,122	\$ 11,677	\$ 8,000	\$ 3,677
Training and seminars	6,691	8,452	7,000	1,452
Professional services	7,141	41,212	50,000	(8,788)
Printing and advertising	15	335	150	185
Compensating use tax	16,782	13,485	2,000	11,485
Operating supplies	8,686	2,721	6,500	(3,779)
Repairs and maintenance	337,041	328,201	100,000	228,201
Chemicals	-	-	600	(600)
Lease/rent	-	-	700	(700)
Fuel and oil	19,283	12,291	12,000	291
Apparatus and tools	29,151	3,804	12,000	(8,196)
Office supplies	12	50	250	(200)
Uniforms	3,456	7,901	7,000	901
Capital expenditures				
Building	-	-	20,000	(20,000)
Equipment	621	-	-	-
Total transportation and distribution	943,284	945,607	898,275	47,332
Operating transfers				
Transfer to:				
Personnel Benefits Fund	477,000	500,000	500,000	-
General Fund	450,000	450,000	450,000	-
Electric Depreciation Reserve Fund	360,000	350,000	350,000	-
Total operating transfers	1,287,000	1,300,000	1,300,000	-
TOTAL EXPENDITURES	8,147,933	8,970,736	<u>\$ 9,872,863</u>	<u>\$ (902,127)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	961,325	(81,782)		
UNENCUMBERED CASH, BEGINNING	6,642,692	7,604,017		
PRIOR YEAR CANCELLED ENCUMBRANCES	-	17,629		
UNENCUMBERED CASH, ENDING	<u>\$ 7,604,017</u>	<u>\$ 7,539,864</u>		

CITY OF RUSSELL, KANSAS
 ELECTRIC DEPRECIATION RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-20	
	2021	2020
RECEIPTS		
Interest income	\$ 1,741	\$ 12,583
Environmental surcharge rider	46,230	46,698
Proceeds from sale of assets	-	2,000
Operating transfers	350,000	360,000
TOTAL RECEIPTS	397,971	421,281
EXPENDITURES		
Capital outlay	125,457	460,451
RECEIPTS OVER (UNDER) EXPENDITURES	272,514	(39,170)
UNENCUMBERED CASH, BEGINNING	1,884,154	1,923,324
UNENCUMBERED CASH, ENDING	\$ 2,156,668	\$ 1,884,154

CITY OF RUSSELL, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-21
 Page 1 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Consumer sales	\$ 2,386,191	\$ 2,460,985	\$ 2,260,000	\$ 200,985
State water fee	6,727	6,421	8,000	(1,579)
Late payment penalty	3,477	4,387	1,000	3,387
Water main tap fees	3,686	6,149	-	6,149
Interest income	16,388	1,878	5,000	(3,122)
Bad debt	66	1,662	-	1,662
Bond refinance proceeds	43,748	-	-	-
Customer deposits	1,669	342	-	342
Grants	2,707	-	-	-
Reimbursed expense	352	-	-	-
Miscellaneous revenue	35,700	13,663	13,000	663
TOTAL RECEIPTS	<u>2,500,711</u>	<u>2,495,487</u>	<u>\$ 2,287,000</u>	<u>\$ 208,487</u>
EXPENDITURES				
General and administrative				
Postage	4,405	4,579	\$ 4,000	\$ 579
Compensating use tax	104	93	-	93
Professional services	14,036	13,510	10,000	3,510
Training	6,807	6,346	6,000	346
Go bonds cost of issuance	40,725	-	-	-
Operating supplies	160	-	-	-
Repairs and maintenance	4,600	636	-	636
Printing and advertising	-	420	-	420
Dues and subscriptions	7,990	4,983	3,500	1,483
Interest on consumer deposits	30	29	-	29
Office supplies	-	12	-	12
Principal payments	69,873	71,470	161,470	(90,000)
Interest payments	26,855	25,259	25,259	-
Consumer deposits refunded	-	14	-	14
Armory utilities	214	235	280	(45)
Apparatus and tools	-	302	-	302
Capital expense - equipment	1,455	-	-	-
Bad debt expense	965	-	4,000	(4,000)
Total general and administrative	<u>178,219</u>	<u>127,888</u>	<u>214,509</u>	<u>(86,621)</u>

CITY OF RUSSELL, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-21
 Page 2 of 3

		Current Year		
	Prior Year Actual	Actual	Budget	Over (Under) Budget
EXPENDITURES (CONTINUED)				
Production				
Personnel salaries	\$ 294,000	\$ 342,921	\$ 379,909	\$ (36,988)
Overtime salaries	6,135	6,426	13,000	(6,574)
Accrued leave buy back	125	63	300	(237)
Telephone	1,278	1,367	1,500	(133)
Postage	8,257	1,808	4,000	(2,192)
Natural gas	5,909	7,156	6,500	656
Electric services	26,112	25,006	45,000	(19,994)
Insurance	54,028	52,690	51,000	1,690
Dues and subscription	2,363	3,397	2,200	1,197
Training and seminars	624	953	2,000	(1,047)
Professional services	16,469	21,793	23,000	(1,207)
Printing and advertising	75	29	100	(71)
State water fees	6,731	6,444	8,500	(2,056)
Operating supplies	8,471	5,526	10,000	(4,474)
Clean drinking water fee	6,310	6,041	8,000	(1,959)
Repairs and maintenance	59,941	112,709	65,000	47,709
Chemicals	164,759	158,996	290,000	(131,004)
Fuel and oil	2,482	2,525	4,000	(1,475)
Apparatus and tools	6,001	1,364	1,500	(136)
Office supplies	587	1,150	1,000	150
Uniforms	2,487	2,302	3,000	(698)
Purchased water	-	-	80,000	(80,000)
Lease and rent	88,038	88,533	90,000	(1,467)
Capital expense - equipment	275	-	-	-
R-9 Ranch expenses	407	4,629	1,000	3,629
Total production	761,864	853,828	1,090,509	(236,681)

CITY OF RUSSELL, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-21
 Page 3 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Transportation and distribution				
Personnel salaries	\$ 244,808	\$ 225,666	\$ 242,402	\$ (16,736)
Part-time salaries	34	978	-	978
Overtime salaries	3,745	5,693	6,000	(307)
Accrued leave buy back	-	-	100	(100)
Telephone	2,377	2,869	2,000	869
Natural gas	1,247	1,434	2,500	(1,066)
Insurance	7,106	7,332	9,000	(1,668)
Dues and subscriptions	6,686	11,987	6,500	5,487
Training and seminars	1,214	294	1,500	(1,206)
Professional services	2,533	3,237	2,900	337
Printing and advertising	1	29	100	(71)
Operating supplies	405	451	500	(49)
Repairs and maintenance	29,146	16,458	30,000	(13,542)
Fuel and oil	6,288	5,032	10,000	(4,968)
Apparatus and tools	967	304	2,000	(1,696)
Office supplies	165	100	100	-
Uniforms	2,231	1,864	2,000	(136)
Capital expense	275	-	30,000	(30,000)
Total transportation and distribution	309,228	283,728	347,602	(63,874)
Operating transfers	1,711,801	1,220,752	1,220,752	-
TOTAL EXPENDITURES	2,961,112	2,486,196	<u>\$ 2,873,372</u>	<u>\$ (387,176)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(460,401)	9,291		
UNENCUMBERED CASH, BEGINNING	2,335,013	1,874,612		
PRIOR YEAR CANCELLED ENCUMBRANCES	-	1,345		
UNENCUMBERED CASH, ENDING	<u>\$ 1,874,612</u>	<u>\$ 1,885,248</u>		

CITY OF RUSSELL, KANSAS
 WATER DEPRECIATION RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-22	
	2021	2020
RECEIPTS		
Interest income	\$ 158	\$ 10,257
Grants	530,510	340,695
Operating transfers	300,000	825,647
TOTAL RECEIPTS	830,668	1,176,599
EXPENDITURES		
Professional services	45,552	69,901
Printing and advertising	918	148
Conservation expenditures	600	2,445
Capital expenditures	699,256	2,958,329
TOTAL EXPENDITURES	746,326	3,030,823
RECEIPTS OVER (UNDER) EXPENDITURES	84,342	(1,854,224)
UNENCUMBERED CASH, BEGINNING	-	1,854,224
PRIOR YEAR CANCELLED ENCUMBRANCES	5,000	-
UNENCUMBERED CASH, ENDING	\$ 89,342	\$ -

CITY OF RUSSELL, KANSAS
WASTEWATER FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2021
(With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-23

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Sewer use charge	\$ 849,322	\$ 837,127	\$ 800,000	\$ 37,127
Penalty	1,190	1,583	500	1,083
Sewer main tap fees	2,907	6,872	-	6,872
Bad debt	66	675	-	675
Grants	11	19,016	-	19,016
Interest income	4,933	773	1,000	(227)
Miscellaneous revenue	2,075	1,691	2,600	(909)
TOTAL RECEIPTS	860,504	867,737	\$ 804,100	\$ 63,637
EXPENDITURES				
Personnel salaries	141,771	133,262	\$ 163,714	\$ (30,452)
Overtime salaries	2,332	3,357	5,000	(1,643)
Accrued leave buy back	320	31	300	(269)
Telephone	928	841	900	(59)
Postage	1,968	2,118	2,000	118
Natural gas	1,294	1,344	1,500	(156)
Insurance	4,136	6,456	5,000	1,456
Bad debt	596	-	1,000	(1,000)
Dues and subscriptions	4,128	8,355	2,500	5,855
Training and seminars	1,999	2,068	2,000	68
Professional services	4,600	5,242	6,000	(758)
Printing and advertising	-	63	500	(437)
Operating supplies	65	300	500	(200)
Repairs and maintenance	29,975	24,686	30,000	(5,314)
Chemicals	3,023	3,902	3,500	402
Fuel and oil	6,972	9,121	9,000	121
Apparatus and tools	1,021	1,280	1,500	(220)
Office supplies	79	427	550	(123)
Armory utilities	278	278	300	(22)
Uniforms	637	552	750	(198)
Principal payments	-	-	98,000	(98,000)
Capital expense	25,355	-	-	-
Operating transfers	596,200	705,000	705,000	-
TOTAL EXPENDITURES	827,677	908,683	\$ 1,039,514	\$ (130,831)
RECEIPTS OVER (UNDER) EXPENDITURES	32,827	(40,946)		
UNENCUMBERED CASH, BEGINNING	597,099	629,926		
PRIOR YEAR CANCELLED ENCUMBRANCES	-	291		
UNENCUMBERED CASH, ENDING	\$ 629,926	\$ 589,271		

CITY OF RUSSELL, KANSAS
WASTEWATER REPLACEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021
(With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-24	
	2021	2020
RECEIPTS		
Interest income	\$ 706	\$ 4,552
Operating transfers	510,000	380,000
TOTAL RECEIPTS	510,706	384,552
EXPENDITURES		
Capital outlay	571,975	680,953
RECEIPTS OVER (UNDER) EXPENDITURES	(61,269)	(296,401)
UNENCUMBERED CASH, BEGINNING	386,359	682,760
PRIOR YEAR CANCELLED ENCUMBRANCES	5,590	-
UNENCUMBERED CASH, ENDING	<u>\$ 330,680</u>	<u>\$ 386,359</u>

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2021

(With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-25

Page 1 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
	Actual	Actual	Budget	Budget
RECEIPTS				
Consumer sales	\$ 356,501	\$ 372,799	\$ 370,000	\$ 2,799
Consumer sales - landfill	201,929	206,384	200,000	6,384
Bad debt	66	79	-	79
Sales tax	685	1,555	700	855
Polykart sales	6,687	11,435	6,000	5,435
Recycling sales	5,500	14,408	4,000	10,408
Penalty	1,057	1,542	1,000	542
Interest income	2,863	394	1,000	(606)
Miscellaneous revenue	3,252	10,251	3,000	7,251
TOTAL RECEIPTS	578,540	618,847	\$ 585,700	\$ 33,147
EXPENDITURES				
General and administrative				
Sales tax	634	1,325	\$ 800	\$ 525
Professional services	2,935	4,050	3,000	1,050
Postage	1,468	1,517	1,500	17
Bad debt	-	-	1,000	(1,000)
Repairs and maintenance	-	-	500	(500)
Armory utilities	166	169	80	89
Dues, licenses, fees, and subscriptions	1,759	1,387	1,900	(513)
Total general and administrative	6,962	8,448	8,780	(332)
Sanitation				
Personnel salaries	158,421	172,178	189,869	(17,691)
Overtime salaries	356	1,209	600	609
Accrued leave buy back	140	31	400	(369)
Landfill charges	100,492	104,667	110,000	(5,333)
Training and seminars	957	1,044	2,000	(956)

CITY OF RUSSELL, KANSAS

SANITATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-25
 Page 2 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Sanitation (continued)				
Insurance	\$ 3,342	\$ 5,327	\$ 4,200	\$ 1,127
Professional services	890	741	1,600	(859)
Printing and advertising	47	229	500	(271)
Operating supplies	14,458	17,898	15,000	2,898
Repairs and maintenance	5,840	8,487	8,000	487
Fuel and oil	9,776	12,269	15,000	(2,731)
Office supplies	150	150	-	150
Uniforms	1,263	1,132	1,200	(68)
Apparatus and tools	-	101	-	101
Total sanitation	296,132	325,463	348,369	(22,906)
Operating transfers	309,500	262,000	262,000	-
TOTAL EXPENDITURES	612,594	595,911	<u>\$ 619,149</u>	<u>\$ (23,238)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(34,054)	22,936		
UNENCUMBERED CASH, BEGINNING	386,297	352,243		
PRIOR YEAR CANCELLED ENCUMBRANCES	-	134		
UNENCUMBERED CASH, ENDING	<u>\$ 352,243</u>	<u>\$ 375,313</u>		

CITY OF RUSSELL, KANSAS
 SANITATION RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

	Schedule 2-26	
	2021	2020
RECEIPTS		
Interest income	\$ 245	\$ 1,890
Operating transfers	75,000	120,000
TOTAL RECEIPTS	75,245	121,890
EXPENDITURES		
Capital outlay	-	155,223
RECEIPTS OVER (UNDER) EXPENDITURES	75,245	(33,333)
UNENCUMBERED CASH, BEGINNING	258,338	291,671
UNENCUMBERED CASH, ENDING	<u>\$ 333,583</u>	<u>\$ 258,338</u>

CITY OF RUSSELL, KANSAS

RUSSELL RECREATION COMMISSION
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2021
 (With Comparative Actual Totals For Prior Year Ended December 31, 2020)

Schedule 2-27

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Tax appropriations	\$ 134,048	\$ 132,287	\$ 132,140	\$ 147
Program fees	14,471	29,736	32,000	(2,264)
Concessions	1,113	3,760	6,000	(2,240)
Gate revenue	-	900	8,000	(7,100)
Tournament entry fees	-	-	10,000	(10,000)
Memberships	48,036	63,498	70,000	(6,502)
Recreation building - rentals	325	1,640	2,000	(360)
Other receipts	21,036	26,194	-	26,194
Interest on investments	456	190	-	190
TOTAL RECEIPTS	219,485	258,205	<u>\$ 260,140</u>	<u>\$ (1,935)</u>
EXPENDITURES				
Salaries				
Director	45,150	46,826	\$ 50,000	\$ (3,174)
Other	26,235	28,179	39,000	(10,821)
Concessions	492	2,548	3,000	(452)
Building	20,309	22,083	20,000	2,083
Program salaries	11,165	17,143	25,000	(7,857)
Health insurance	4,187	4,563	3,750	813
KPERS contributions	7,276	7,618	4,920	2,698
Workers' compensation	-	-	530	(530)
Payroll tax	7,946	11,304	10,000	1,304
Unemployment tax	104	-	800	(800)
Accounting and reporting	6,237	6,038	8,000	(1,962)
Automobile expense	2,669	2,444	2,800	(356)
Awards	-	126	1,200	(1,074)
Concession				
Products	849	3,317	5,500	(2,183)
Sales tax	49	326	-	326
Insurance	8,421	8,929	6,700	2,229
Memorial Park				
Maintenance	6,234	11,164	21,000	(9,836)
Improvements	1,128	5,318	35,000	(29,682)
Capital equipment	-	-	15,000	(15,000)
Office expense	16,691	18,150	17,400	750
Recreation Center				
Equipment	12,003	9,888	-	9,888
Building				
Supplies	5,627	7,981	-	7,981
Utilities	3,283	3,705	-	3,705
Repairs and maintenance	619	2,631	17,000	(14,369)
Program expense	27,619	27,028	24,500	2,528
Tournament				
Expenses	-	200	1,800	(1,600)
Officials	3,205	3,790	8,000	(4,210)
Travel	-	-	500	(500)
Program contract labor	-	9,440	-	9,440
Membership expense	-	40	-	40
TOTAL EXPENDITURES	217,498	260,779	<u>\$ 321,400</u>	<u>\$ (60,621)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	1,987	(2,574)		
UNENCUMBERED CASH, BEGINNING	67,108	69,095		
UNENCUMBERED CASH, ENDING	<u>\$ 69,095</u>	<u>\$ 66,521</u>		

CITY OF RUSSELL, KANSAS

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For Year Ended December 31, 2021

Schedule 3

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Drug Task Force Program	\$ 3,719	\$ 2	\$ -	\$ 3,721
Municipal Court	5,530	31,233	29,790	6,973
Fire Fighter Activity	19,520	18,361	14,104	23,777
Fire Insurance Proceeds	-	3,765	-	3,765
Sink or Swim	979	-	-	979
Total	<u>\$ 29,748</u>	<u>\$ 53,361</u>	<u>\$ 43,894</u>	<u>\$ 39,215</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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide, the regulatory basis summary statement of receipts, expenditures, and unencumbered cash balances of City of Russell, Kansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated June 16, 2022, which was modified because the financial statement is prepared on the regulatory basis of accounting.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, reading "Lindburg Vogel Pierce Faris". The signature is written in a cursive, flowing style.

Certified Public Accountants

Hutchinson, Kansas
June 16, 2022

CITY OF RUSSELL, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2021

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 HOUSING AND URBAN DEVELOPMENT			
Pass-through Kansas Department of Commerce			
Community Development Block Grants	14.228	19-PF-019	192,999
Community Development Block Grants	14.228	20-PF-013	403,250
COVID-19 - Community Development Block Grants	14.228	21-CV-140	81,275
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			677,524
U.S. DEPARTMENT OF THE TREASURY			
Pass-through Kansas Department of Administration			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		120,000
TOTAL U.S. DEPARTMENT OF THE TREASURY			120,000
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-through Kansas Division of Emergency Management			
Disaster Grants - Public Assistance	97.036		17,898
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			17,898
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-through Kansas Department of Transportation			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	300901	72,668
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			72,668
TOTAL			\$ 888,090

CITY OF RUSSELL, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2021

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, 2021, 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.

NOTE D—FEDERAL AWARDS PASSED-THROUGH TO SUBRECIPIENTS

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

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

The Mayor and City Council
City of Russell, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Russell, Kansas (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink, reading "Lindburg Vogel Pierce Laris". The signature is written in a cursive, flowing style. The first name "Lindburg" is the largest and most prominent, followed by "Vogel", "Pierce", and "Laris" in a slightly smaller, more compact script.

Certified Public Accountants

Hutchinson, Kansas
June 16, 2022

CITY OF RUSSELL, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For Year Ended December 31, 2021

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—Summary of Significant Accounting Policies to the financial statement.
2. A material weakness relating to the audit of the financial statement is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the City, expressed an unmodified opinion.
6. There were no audit findings relative to the major federal award programs that are required to be reported in accordance with Section 2 CFR 200.516(a).
7. The programs tested as major programs include:

	<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

Finding 2021-001 Material Weakness

Criteria: The City's governing body sets utility rates by City Ordinance, necessary to provide revenue for the operations of the City's various utility functions, including sewer and wastewater.

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

Cause: The adjusted sewer and wastewater rates were not entered into the City's utility billing software as directed in the City Ordinance.

Effect: Revenue generated by billings from the City's wastewater system were less than authorized by City Ordinance.

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

FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**Finding 2021-001 Material Weakness (continued)**

Views of Responsible Officials: Management agrees with this finding and has implemented the following policies and procedures to prevent future occurrences when new utility rate ordinances are authorized:

- Management separated the Finance Director/City Clerk position for better accountability, quality control, and quality assurance, with the City Clerk overseeing utility billing.
- Management directed an audit of all utility accounts, conducted by the Assistant City Manager, City Clerk, and Utility Billing Clerk. With any discrepancies noted, report to the City Manager for corrective action.
- The Utility Billing Clerk will make the rate adjustments authorized in the utility billing software and notify the City to verify the changes.
- The City Clerk will check the utility billing software to determine that the rates have been properly changed (this may include manually recalculating a sample of utility bills) and notify the City Manager that the changes are completed.
- Each month a sample of utility bills will be recalculated and checked to determine that the correct rates are used.

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, 2021

There were no prior year findings required to be reported.