

City of Russell, Kansas

FINANCIAL STATEMENT
AND INDEPENDENT AUDITORS' REPORT

December 31, 2012

City of Russell, Kansas

For the Year Ended December 31, 2012

Carol Dawson, Mayor

CITY COUNCIL

Michelle Wagner
Blaine Stoppel
Dave Harry

Chuck Bean
Paul Phillips
Norma Jean Cook

Jim Cross
Larry Daugherty

CITY OFFICERS

Jon Quinday, City Manager

Ken Cole, Attorney

Sheldon Hamilton, Clerk-Treasurer

Barry Mooney, Community Dev Director

Arlyn Unrein, Public Works Director

Dale Weimaster, Chief of Police

Duane Banks, Electric Utility Director

Sam Schmidt, Fire Chief

City of Russell, Kansas
FINANCIAL STATEMENTS
For the Year Ended December 31, 2012

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City of Russell, Kansas

FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

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GUDENKAUF & MALONE, INC.

Shareholder

Pamela Gudenkauf, CPA

Certified Public Accountants
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Shareholder

James Malone, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Russell
Russell, Kansas

We have audited the accompanying summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Russell, Kansas, a municipality, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the applicable audit requirements of the Kansas Municipal Audit and Accounting Guide. Those standards and the Kansas Municipal Audit and Accounting Guide require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Russell, Kansas to meet the requirements of the State of Kansas 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Russell, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

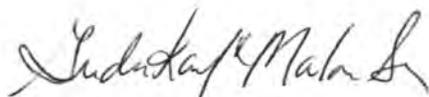
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Russell, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2012 summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2012 basic financial statement;

however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 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 2012 basic financial statement or to the 2012 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 2012 supplementary information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2011 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget, (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2011 basic financial statement upon which we rendered an unqualified opinion dated July 5, 2012. The 2011 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 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 2011 basic financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 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 2011 basic financial statement or to the 2011 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 2011 comparative information is fairly stated in all material respects in relation to the 2011 basic financial statement as a whole, on the basis of accounting described in Note 1.



Gudenkauf & Malone, Inc.
Russell, Kansas
July 5, 2013

CITY OF RUSSELL, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2012

Statement 1-1

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
						Encumbrances and Accounts Payables	Encumbrances	
Governmental Type Funds:								
General	\$ 1,622,437	\$ 2,428	\$ 3,014,103	\$ 3,265,657	\$ 1,373,311	\$ 122,797	\$	\$ 1,496,108
Special Purpose Funds:								
Airport	9,305	-	67,456	58,442	18,319	1,504		19,823
Industrial	74,071	-	78,922	60,466	92,527	-		92,527
Special Highway	244,890	-	116,880	100,847	260,923	12,624		273,547
Library	16,417	-	136,112	145,982	6,547	-		6,547
Fire Equipment	190,068	-	30,790	998	219,860	-		219,860
Recreation	8,784	-	122,586	128,899	2,471	-		2,471
Personnel Benefits	382,547	-	1,336,984	1,529,921	189,610	-		189,610
Special Parks and Recreation	53,054	-	14,550	7,904	59,700	-		59,700
Capital Improvements	1,330,729	-	134,247	165,126	1,299,850	465		1,300,315
Equipment Reserve	420,096	-	178,296	257,000	341,392	13,835		355,227
Risk Management Reserve	-	-	5,004	-	5,004	-		5,004
Deines Center Grant	-	-	-	-	-	-		-
Grant	-	-	-	-	-	-		-
Total Special Purpose Funds	2,729,961	-	2,221,827	2,455,585	2,496,203	28,428		2,524,631
Bond and Interest Fund:								
Bond and Interest	123,274	-	443,330	478,697	87,907	-		87,907

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 the Year Ended December 31, 2012

Statement 1-2

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		
						Encumbrances and Accounts Payables	Ending Cash Balance	
Trust Funds:								
Johnson Trust	666,605	-	110,698	-	777,303	-	-	777,303
Deines Center Trust	14,715	-	14	-	14,729	-	-	14,729
Donation	1,635	-	200	304	1,531	-	-	1,531
Golf Course Improvement	9,361	-	-	9,361	-	-	-	-
Insurance Proceeds	10,651	-	3,826	14,477	-	-	-	-
Total Trust Funds	702,967	-	114,738	24,142	793,563	-	-	793,563
Capital Project Fund:								
Airport Improvement	-	-	25,597	102,517	(76,920)	81,702	-	4,782
Business Funds:								
Electric	3,999,047	6,204	8,923,862	9,763,796	3,165,317	707,346	-	3,872,663
Electric Depreciation Reserve	3,014,880	-	256,440	17,839	3,253,481	-	-	3,253,481
Water	920,385	3,155	2,121,741	1,784,750	1,260,531	69,689	-	1,330,220
Water Depreciation Reserve	578,633	2,800	12,204	868,001	(274,364)	752,521	-	478,157
Wastewater	99,739	-	559,043	312,288	346,494	6,702	-	353,196
Wastewater Replacement	259,979	-	75,258	57,954	277,283	-	-	277,283
Sanitation	173,158	-	442,100	450,501	164,757	17,932	-	182,689
Total Business Funds	9,045,821	12,159	12,390,648	13,255,129	8,193,499	1,554,190	-	9,747,689
Total reporting Entity (Excluding Agency Funds)								
	\$ 14,224,460	\$ 14,587	\$ 18,210,243	\$ 19,581,727	\$ 12,867,563	\$ 1,787,117	\$	\$ 14,654,680

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 the Year Ended December 31, 2012

Composition of Cash:		Statement 1-3
Cash on Hand	\$ 500	
Checking Account	3,668,695	
KMEA Deposit	64,428	
Money Market & CD's	1,403,207	
Municipal Investment Pool	<u>9,533,223</u>	
Total Cash	14,670,053	
Agency Funds per Statement 4	<u>(15,373)</u>	
Total Reporting Entity	\$ <u>14,654,680</u>	

City of Russell, Kansas
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2012

NOTE 1.- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Russell, a municipality, is the county seat of Russell County, Kansas, and was incorporated in 1871. The City operates under 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 City's regulatory financial statement presents only the City of Russell's financial information. The statement does not include the City's related municipal entities as follows:

Russell Library Russell Recreation Commission Russell Housing Authority

B. Regulatory Basis Fund Types

General Fund

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

Special Purpose Fund

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

Bond and Interest Fund

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

Capital Project Fund

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

Business Fund:

Funds financed in whole or in part by fees charged to users of the goods or services (i.e. water fund, electric fund, etc.)

City of Russell, Kansas
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2012

NOTE 1.- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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 revenues 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

City of Russell, Kansas
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2012

NOTE 1.- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

notice of hearing.

4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue 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 their original 2012 budget.

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 revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for Capital Project Funds, Trust Funds, Agency Funds and the following Special Purpose Funds; Equipment Reserve, Capital Improvements and Deines Center Grant, Grant Fund and the following Business Funds; Electric Depreciation Reserve Fund, Water Depreciation Reserve Fund and Wastewater Replacement Fund.

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

E. Reimbursements

The City of Russell records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

City of Russell, Kansas
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2012

NOTE 1.- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specific funds for the payment of debt service 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 of Russell, Kansas, as part of the WAPA contract with KMEA is required to have on deposit \$64,428 in the KMEA LAO 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 valuations based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

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

City of Russell, Kansas

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2012

NOTE 2. – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

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

The Capital Project Airport Improvement Fund has a deficit cash balance at year end. This is due to the City required to expend the money before the Federal Aviation Association reimburses the City. The reimbursement is made in 2013.

The Water Depreciation Reserve Fund has a deficit cash balance at year end. This is due to a 2012 encumbrance for a water project in which the City receives loan funds and a federal grant in 2013.

NOTE 3.-DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk. K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has an investment policy that would further limit its investment choices which excludes investments in repurchase agreements.

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 and the 55% limitation does not apply to KMIP.

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

City of Russell, Kansas
 NOTES TO FINANCIAL STATEMENT
 For the Year Ended December 31, 2012

NOTE 3.-DEPOSITS AND INVESTMENTS – CONTINUED

"peak periods" when required coverage is 50%. In 2012, the City did not enter into any peak depository agreement. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$5,136,330 and the bank balance was \$5,231,816. The bank balance was held by eight banks which did not result in a concentration of credit risk. Of the bank balance, \$1,909,604 was covered by federal depository insurance and \$3,322,212 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

At December 31, 2012, the City had invested \$9,533,223 in the State's municipal investment pool. The municipal investment pool 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 obligations 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 ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool 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 of the year ended December 31, 2012 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Series 2003 (Refund & Improve)	1.25-4.05%	9/01/03	1,625,000	03/1/14	\$ 250,000	\$ -	\$ 170,000	\$ 80,000	\$ 8,278
Series 2011	2.-3.1%	12/15/11	5,165,000	08/1/27	5,165,000	-	315,000	4,850,000	75,397
Revolving Loans:									
Wastewater –CO-1355-01	3.54%	8/09/95	3,000,000	09/1/16	699,996	-	699,996	-	9,774
Water – 2151	4.00%	7/21/99	1,675,000	08/1/20	831,263	-	831,263	-	15,886
*KPWS Loan Fund - 2791	2.23%		400,000	02/1/34	*	-	-	-	-
*KPWS Loan Fund – 2731	2.42%		601,504	02/1/33	*	-	-	-	-
Total Long-Term Debt					\$6,946,259	\$ -	\$ 2,016,259	\$4,930,000	\$109,335

*See Note 11

City of Russell, Kansas
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2012

NOTE 4.-LONG TERM DEBT - CONTINUED

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

<u>Issue</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2022</u>	<u>2023-2027</u>	<u>Total</u>
PRINCIPAL								
General Obligation Bonds:								
Series 2003 (Refund & Improve)	\$ 85,000	\$ 85,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000
Series 2011	<u>280,000</u>	285,000	290,000	295,000	300,000	1,600,000	1,800,000	4,850,000
TOTAL PRINCIPAL	<u>\$365,000</u>	<u>\$370,000</u>	<u>\$290,000</u>	<u>\$295,000</u>	<u>\$300,000</u>	<u>\$1,600,000</u>	<u>\$1,800,000</u>	<u>\$5,020,000</u>
INTEREST								
General Obligation Bonds:								
Series 2003 (Refunding & Improve)	\$ 5,100	\$ 1,721	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,821
Series 2011	<u>113,801</u>	108,201	102,501	96,701	90,801	360,436	160,590	1,033,031
TOTAL INTEREST	<u>118,901</u>	<u>109,922</u>	<u>102,501</u>	<u>96,701</u>	<u>90,801</u>	<u>360,436</u>	<u>160,590</u>	<u>\$ 1,039,852</u>
TOTAL PRINCIPAL, INTEREST	<u>\$483,901</u>	<u>\$479,922</u>	<u>\$392,501</u>	<u>\$391,701</u>	<u>\$390,801</u>	<u>\$1,960,436</u>	<u>\$1,960,590</u>	<u>\$6,059,852</u>

NOTE 5. - DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas Law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-419 and K.S.A. 74-49, 210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of section 414(h)

City of Russell, Kansas
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2012

NOTE 5. - DEFINED BENEFIT PENSION PLAN - CONTINUED

of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

NOTE 6. – OTHER LONG TERM OBLIGATIONS FROM OPERATIONS

A. 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. There is no cost to the City under this program.

B. Compensated Absences and Other Employer 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 whereby the employees, on December 31st of each year, may carry over 80 hours of vacation.

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

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

Retiring employees are compensated at a rate of 75 percent 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 percent of

City of Russell, Kansas

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2012

NOTE 6. – OTHER LONG TERM OBLIGATIONS FROM OPERATIONS - CONTINUED

current hourly rate for deceased employees and 25 percent 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, 2012 is \$135,893, \$63,154 and \$775, respectively.

NOTE 7. - INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Industrial Development	12-197	\$ 32,071
General	Capital Improvement	12-1,118	114,539
General	Equipment Reserve	12-1,117	157,468
General	Risk Management Reserve	12-2615	500
Electric	General	12-825d	400,000
Electric	Personnel Benefits	12-825d	345,000
Electric	Risk Management Reserve	12-2615	3,500
Water	Personnel Benefits	12-825d	220,000
Water	Bond and Interest	12-825d	436,301
Water	General	12-825d	110,000
Water	Risk Management Reserve	12-2615	1,000
Wastewater	General	12-825d	42,000
Wastewater	Personnel Benefits	12-825d	56,000
Wastewater	Wastewater Replacement	12-2615	75,000
Sanitation	General	12-825d	37,000
Sanitation	Personnel Benefits	12-825d	110,000
Electric	Electric Depreciation	12-825d	250,000
Airport	Airport Improvement Fund	12-1,118	5,000
Capital Improvement	Airport Improvement Fund	12-1,118	6,590
Golf Course Improvement	Capital Improvement		9,361

NOTE 8. – CLAIMS AND JUDGEMENT

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

City of Russell, Kansas
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2012

NOTE 8. – CLAIMS AND JUDGEMENT - CONTINUED

noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of July 5, 2013 grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. The City is party to a 2013 claim resulting from a 2012 event. The City contests the validity of the claim and the claim has been referred to the City's insurance carrier. The City's management and legal counsel believe the claim against the City is without merit.

The City is exposed to various risks of loss related to torts; theft of, damage to and 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 2011 to 2012 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 of Russell paid \$619,440, allocated \$159,444 land, water rights \$323,410 and \$136,586 buildings, equipment and improvements. Subsequent to that agreement, the Public Wholesale Water Supply District No. 15 was created with the City of Russell providing for a sharing of expenses and income on an eighty-two percent (82%)/eighteen percent (18%) ratio. The Public Wholesale Water Supply District No. 15 was formed for the development of water supply sources and projects related directly thereto.

This joint venture should be accounted for by the equity method in the Water Fund if the District were included in the primary government financial statements.

The City received \$2,497 in February 2012 for their share of the 2011 net income. In 2011, the City of Russell paid \$9,462 for their share of the 2010 net loss.

City of Russell, Kansas

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2012

NOTE 10. - INDUSTRIAL REVENUE BONDS

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

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

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

The City, as issuer, has no obligation for the debt beyond the resources received from the third party. The principal balance of the bonds at December 31, 2012 was \$906,788.

B. In January 2008, the council approved resolution 01-08, an ordinance (No. 1790) authorizing the City of Russell, Kansas, to issue taxable industrial revenue bonds, Series 2008, for Land O'Lakes Purina Feed, L.L.C. Project, in a principal amount not to exceed \$20,000,000. The City will accept ownership of the property and will lease it back to Land O'Lakes Purina Feed, L.L.C. The City, as issuer, has no obligation for the debt beyond the resources received from the third party. The principal balance of the Bonds at December 31, 2011 was \$4,912,773.

NOTE 11 – PROJECTS IN PROCESS

A. On December 9, 2011 the EPA awarded the City \$388,000 for the replacement of approximately 10,000 linear feet of cast iron pipe with PVC pipe. On February 24, 2012 the City council authorized the signing of a Kansas Public Water Supply (KPWS) Loan from the Department of Health and Environment to assist with the project. The loan has been approved not to exceed \$601,504. The total project cost is approximately \$989,504. No loan monies were received in 2012.

B. In November 2012, the City was approved for a Kansas Public Water Supply (KPWS) loan for \$400,000 to assist with replacing water meters. The meter costs will be \$547,000. The total project cost is undetermined at this time. No monies have been requested on the loan.

NOTE 12.- SUBSEQUENT EVENTS

A. Water supply agreement for well usage was signed in January 2013, to supply water for a 15 year period, contingent on approval from the State of Kansas.

B. In April 2013, the City approved a \$400,000 project to resurface East Wichita Avenue, with a \$200,000 grant from KDOT and the balance to come from the City.

City of Russell, Kansas
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2012

NOTE 12.- SUBSEQUENT EVENTS - CONTINUED

C. The City passed an ordinance April 2013, to revise the Energy Cost Adjustment formula. The previous formula was not covering the City's costs when producing electrical power.

Management has evaluated the effects of the financial statements of subsequent events occurring through July 5, 2013 which is the date at which the financial statements were available to be issued.

CITY OF RUSSELL, KANSAS
REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012

CITY OF RUSSELL, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2012

Schedule 1

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
Governmental Type Funds:					
General Fund	\$ 3,751,813	\$ -	\$ 3,751,813	\$ 3,265,657	\$ (486,156)
Special Purpose Funds:					
Airport	61,965	-	61,965	58,442	(3,523)
Industrial	103,534	-	103,534	60,466	(43,068)
Special Highway	110,000	-	110,000	100,847	(9,153)
Library	145,982	-	145,982	145,982	-
Fire Equipment	205,966	-	205,966	998	(204,968)
Recreation	128,899	-	128,899	128,899	-
Personnel Benefits	1,746,512	-	1,746,512	1,529,921	(216,591)
Special Parks and Recreation	20,000	-	20,000	7,904	(12,096)
Bond and Interest Fund					
Bond and Interest	563,675	-	563,675	478,697	(84,978)
Business Funds:					
Electric	10,589,500	-	10,589,500	9,763,796	(825,704)
Water	2,061,404	-	2,061,404	1,784,750	(276,654)
Wastewater	517,643	-	517,643	312,288	(205,355)
Sanitation	522,500	-	522,500	450,501	(71,999)
Total	<u>\$ 20,529,393</u>	<u>\$ -</u>	<u>\$ 20,529,393</u>	<u>\$ 18,089,148</u>	<u>\$ (2,440,245)</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

GENERAL FUND

Schedule 2-1

	2011		2012		Variance Over (Under)
	Actual	Actual	Budget		
Receipts					
Taxes					
Ad Valorem	\$ 872,336	\$ 873,303	\$ 865,372	\$ 7,931	
Delinquent	24,579	20,249	-	20,249	
Motor Vehicle	160,929	161,601	155,536	6,065	
County Sales	224,791	237,727	180,000	57,727	
Recreational Vehicle	2,365	2,150	2,352	(202)	
In Lieu of Taxes (IRB)	34,524	25,662	23,757	1,905	
Local Sales	<u>466,482</u>	<u>458,155</u>	<u>360,000</u>	<u>98,155</u>	
Total Taxes	<u>1,786,006</u>	<u>1,778,847</u>	<u>1,587,017</u>	<u>191,830</u>	
Intergovernmental					
Liquor Tax	13,771	14,491	11,800	2,691	
State Highway Connecting Links	35,292	35,316	35,000	316	
State of Kansas KDOT Grant	34,024	28,013	25,000	3,013	
County 911 Reimbursement	207,260	187,506	160,000	27,506	
Grants	<u>11,615</u>	<u>633</u>	<u>-</u>	<u>633</u>	
Total Intergovernmental	<u>301,962</u>	<u>265,959</u>	<u>231,800</u>	<u>34,159</u>	
Licenses and Permits					
Franchise Tax	140,675	145,466	90,000	55,466	
Licenses	13,733	13,414	-	13,414	
Permits	<u>11,394</u>	<u>10,392</u>	<u>15,300</u>	<u>(4,908)</u>	
Total Licenses and Permits	<u>165,802</u>	<u>169,272</u>	<u>105,300</u>	<u>63,972</u>	
Fines and Forfeitures					
Fines and Court Fees	<u>52,711</u>	<u>52,279</u>	<u>55,000</u>	<u>(2,721)</u>	
Use of Money and Property					
Interest Earned	4,460	2,117	10,000	(7,883)	
Royalties	<u>828</u>	<u>688</u>	<u>-</u>	<u>688</u>	
Total Use of Money & Property	<u>\$ 5,288</u>	<u>\$ 2,805</u>	<u>\$ 10,000</u>	<u>\$ (7,195)</u>	

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

GENERAL FUND

Schedule 2-1

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Miscellaneous				
Weed Abatement Fees	\$ 4,400	\$ 3,750	\$ 5,000	\$ (1,250)
General Transportation Fares	10,866	13,469	9,000	4,469
Golf Course Fees -Memberships	78,135	72,607	85,000	(12,393)
Cemetery Receipts	8,411	7,532	5,000	2,532
Reimbursed Expense	1,850	2,488	-	2,488
Miscellaneous Receipts	23,363	26,107	50,000	(23,893)
Impound Fees	942	675	-	675
Swimming Pool Revenue	27,146	29,313	25,000	4,313
Total Miscellaneous	155,113	155,941	179,000	(23,059)
Operating Transfers	331,500	589,000	589,000	-
Total Receipts	2,798,382	3,014,103	\$ 2,757,117	\$ 256,986
Expenditures				
Mayor/Council	10,906	28,102	20,310	7,792
Grant to A.P.C	-	400,000	-	400,000
City Manager	202,277	197,097	224,600	(27,503)
City Clerk	189,732	196,678	172,300	24,378
Transportation	60,757	57,622	47,800	9,822
Police Department	470,551	494,186	592,500	(98,314)
Public Works, Inspection	67,258	78,363	103,000	(24,637)
Fire Department	117,718	144,413	169,000	(24,587)
Municipal Court	50,642	43,301	56,500	(13,199)
911 Dispatch	304,149	320,417	322,775	(2,358)
Community Development	94,962	94,752	110,000	(15,248)
Street Department	283,644	288,797	558,500	(269,703)
Golf Course	160,735	154,219	168,000	(13,781)
Swimming Pool	63,507	72,965	88,500	(15,535)
Park Department	283,924	286,554	328,000	(41,446)
Deines Center	37,250	42,249	46,800	(4,551)
Armory	-	-	55,500	(55,500)
Neighborhood Revitalization Rebate	32,199	34,830	33,728	1,102
Miscellaneous	32,460	26,534	300,000	(273,466)
Operating Transfers	233,241	304,578	354,000	(49,422)
Total Expenditures	2,695,912	3,265,657	\$ 3,751,813	\$ (486,156)
Receipts Over (Under) Expenditures	102,470	(251,554)		
Unencumbered Cash, Beginning	1,513,614	1,622,437		
Prior Year Cancelled Encumbrances	6,353	2,428		
Unencumbered Cash, Ending	\$ 1,622,437	\$ 1,373,311		

CITY OF RUSSELL, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

AIRPORT FUND

Schedule 2-2

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes				
Ad Valorem	\$ 26,186	\$ 24,983	\$ 24,748	\$ 235
Delinquent	682	601	400	201
Motor Vehicle	4,545	4,740	4,668	72
Recreational Vehicle	66	63	71	(8)
Rental	11,951	11,301	11,000	301
Fuel Sales	18,229	25,687	12,000	13,687
Interest Income	26	27	50	(23)
Miscellaneous Revenue	150	54	-	54
Total Receipts	<u>61,835</u>	<u>67,456</u>	<u>\$ 52,937</u>	<u>\$ 14,519</u>
Expenditures				
Personnel Salaries	-	-	-	-
Postage	-	3	200	(197)
Telephone	459	461	700	(239)
Natural Gas	7,551	2,614	7,000	(4,386)
Insurance	12,276	11,396	9,800	1,596
Dues/Subscriptions	493	300	500	(200)
Professional Services	15,194	6,744	16,000	(9,256)
Printing & Advertising	198	241	500	(259)
Operating Supplies	992	627	1,000	(373)
Repairs & Maintenance	3,310	1,872	5,000	(3,128)
Capital Expense	-	-	8,000	(8,000)
Fuel For Resale	21,614	24,202	9,000	15,202
Revitalization District Refund	967	996	965	31
Sales Tax Expense	1,387	2,025	2,000	25
Training & Travel	-	-	500	(500)
Credit Card Fees	497	1,173	800	373
Office Supplies	43	82	-	82
Apparatus/Tools	135	706	-	706
Operating Transfer	1,375	5,000	-	5,000
Total Expenditures	<u>66,491</u>	<u>58,442</u>	<u>\$ 61,965</u>	<u>\$ (3,523)</u>
Receipts Over (Under) Expenditures	(4,656)	9,014		
Unencumbered Cash, Beginning	<u>13,961</u>	<u>9,305</u>		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 9,305</u>	<u>\$ 18,319</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

INDUSTRIAL FUND

Schedule 2-3

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes				
Ad Valorem	\$ 33,334	\$ 39,705	\$ 39,351	\$ 354
Delinquent	670	716	-	716
Motor Vehicle	4,467	5,723	5,944	(221)
Recreational Vehicle	65	78	90	(12)
Miscellaneous	250	537	-	537
Interest	165	92	-	92
Operating Transfers	32,654	32,071	29,000	3,071
Total Receipts	<u>71,605</u>	<u>78,922</u>	<u>\$ 74,385</u>	<u>\$ 4,537</u>
Expenditures				
Dues/Subscriptions/Licenses	5,757	7,709	7,000	709
Revitalization Dist Refund	1,230	1,584	3,034	(1,450)
Professional Services	1,667	1,673	2,500	(827)
Printing/Advertising	-	500	500	-
Operating Supplies	-	-	2,000	(2,000)
Capital Exp - Bldg & Improvement	-	-	20,000	(20,000)
Main Street	24,000	24,000	24,000	-
Economic Development Incentives	-	-	19,500	(19,500)
Economic Development	29,151	25,000	25,000	-
Total Expenditures	<u>61,805</u>	<u>60,466</u>	<u>\$ 103,534</u>	<u>\$ (43,068)</u>
Receipts Over (Under) Expenditures	9,800	18,456		
Unencumbered Cash, Beginning	<u>64,271</u>	<u>74,071</u>		
Unencumbered Cash, Ending	<u>\$ 74,071</u>	<u>\$ 92,527</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

SPECIAL HIGHWAY FUND

Schedule 2-4

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Fuel Tax	\$ 113,409	\$ 116,618	\$ 115,360	\$ 1,258
Interest Income	476	262		262
Total Receipts	<u>113,885</u>	<u>116,880</u>	<u>\$ 115,360</u>	<u>\$ 1,520</u>
Expenditures				
Professional Services	-	6,000	-	6,000
Operating Supplies	-	490	-	490
Street Materials	-	2,717	10,000	(7,283)
Improvements	<u>11,116</u>	<u>91,640</u>	<u>100,000</u>	<u>(8,360)</u>
Total Expenditures	<u>11,116</u>	<u>100,847</u>	<u>\$ 110,000</u>	<u>\$ (9,153)</u>
Receipts Over (Under) Expenditures	102,769	16,033		
Unencumbered Cash, Beginning	<u>142,121</u>	<u>244,890</u>		
Unencumbered Cash, Ending	<u>\$ 244,890</u>	<u>\$ 260,923</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

LIBRARY FUND

Schedule 2-5

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes				
Ad Valorem	\$ 122,301	\$ 111,133	\$ 110,115	\$ 1,018
Delinquent	2,983	2,725	-	2,725
Motor Vehicle	19,503	21,720	21,807	(87)
Recreational Vehicle	284	292	330	(38)
Interest	37	-	-	-
Miscellaneous	-	242	-	242
Total Receipts	<u>145,108</u>	<u>136,112</u>	<u>\$ 132,252</u>	<u>\$ 3,860</u>
Expenditures				
Library Appropriation	137,979	141,550	141,690	(140)
Revitalization Dist Refund	<u>4,513</u>	<u>4,432</u>	<u>4,292</u>	<u>140</u>
Total Expenditures	<u>142,492</u>	<u>145,982</u>	<u>\$ 145,982</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	2,616	(9,870)		
Unencumbered Cash, Beginning	<u>13,801</u>	<u>16,417</u>		
Unencumbered Cash, Ending	<u>\$ 16,417</u>	<u>\$ 6,547</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

FIRE EQUIPMENT FUND

Schedule 2-6

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes				
Ad Valorem	\$ 26,562	\$ 25,009	\$ 24,780	\$ 229
Delinquent	694	609	-	609
Motor Vehicle	4,655	4,826	4,736	90
Recreational Vehicle	68	65	72	(7)
Interest Income	419	226	350	(124)
Miscellaneous	453	55	-	55
Total Receipts	<u>32,851</u>	<u>30,790</u>	<u>29,938</u>	<u>852</u>
Expenditures				
Capital Exp - Equipment	1,735	-	205,000	(205,000)
Revitalization Refund	980	998	966	32
Total Expenditures	<u>2,715</u>	<u>998</u>	<u>\$ 205,966</u>	<u>\$ (204,968)</u>
Receipts Over (Under) Expenditures	30,136	29,792		
Unencumbered Cash, Beginning	<u>159,932</u>	<u>190,068</u>		
Unencumbered Cash, Ending	<u>\$ 190,068</u>	<u>\$ 219,860</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

RECREATION FUND

Schedule 2-7

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes				
Ad Valorem	\$ 102,285	\$ 100,972	\$ 100,044	\$ 928
Delinquent	2,700	2,350	1,200	1,150
Motor Vehicle	18,232	18,793	18,239	554
Recreational Vehicle	268	251	276	(25)
Interest	25	-	35	(35)
Miscellaneous	-	220	-	220
Total Receipts	<u>123,510</u>	<u>122,586</u>	<u>\$ 119,794</u>	<u>\$ 2,792</u>
Expenditures				
Recreation Appropriation	116,731	124,872	125,000	(128)
Revitalization District Refund	<u>3,776</u>	<u>4,027</u>	<u>3,899</u>	<u>128</u>
Total Expenditures	<u>120,507</u>	<u>128,899</u>	<u>\$ 128,899</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	3,003	(6,313)		
Unencumbered Cash, Beginning	<u>5,781</u>	<u>8,784</u>		
Unencumbered Cash, Ending	<u>\$ 8,784</u>	<u>\$ 2,471</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

PERSONNEL BENEFITS FUND

Schedule 2-8

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes				
Ad Valorem	\$ 332,766	\$ 336,921	\$ 333,860	\$ 3,061
Delinquent	9,683	8,125	-	8,125
Motor Vehicle	65,555	61,781	59,331	2,450
Recreation Vehicle	953	822	898	(76)
Reimbursed Expenses	202,265	197,252	235,000	(37,748)
Miscellaneous Revenue	-	734	-	734
Interest Income	1,639	349	250	99
Operating Transfers	612,000	731,000	731,000	-
Total Receipts	<u>1,224,861</u>	<u>1,336,984</u>	<u>\$ 1,360,339</u>	<u>\$ (23,355)</u>
Expenditures				
Revitalization District Refund	12,283	13,438	13,012	426
Blue Cross/Blue Shield	885,496	966,029	1,050,000	(83,971)
Social Security-Medicare	219,000	219,334	255,000	(35,666)
KPERS	212,099	237,533	225,000	12,533
Workers Compensation	56,164	90,528	100,000	(9,472)
Unemployment Insurance	2,814	2,905	3,500	(595)
Miscellaneous	-	-	100,000	(100,000)
Other Insurance	-	154	-	154
Total Expenditures	<u>1,387,856</u>	<u>1,529,921</u>	<u>\$ 1,746,512</u>	<u>\$ (216,591)</u>
Receipts Over (Under) Expenditures	(162,995)	(192,937)		
Unencumbered Cash, Beginning	<u>545,542</u>	<u>382,547</u>		
Unencumbered Cash, Ending	<u>\$ 382,547</u>	<u>\$ 189,610</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
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 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

SPECIAL PARKS AND RECREATION FUND

Schedule 2-9

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
State Distribution	\$ 13,771	\$ 14,491	\$ 11,800	\$ 2,691
Interest	109	59	-	59
Total Receipts	<u>13,880</u>	<u>14,550</u>	<u>\$ 11,800</u>	<u>\$ 2,750</u>
Expenditures				
Professional Fees	292	-	5,000	5,000
Commodities	933	4,872	5,000	128
Capital Outlay	<u>8,591</u>	<u>3,032</u>	<u>10,000</u>	<u>6,968</u>
Total Expenditures	<u>9,816</u>	<u>7,904</u>	<u>\$ 20,000</u>	<u>\$ 12,096</u>
Receipts Over (Under) Expenditures	4,064	6,646		
Unencumbered Cash, Beginning	<u>48,990</u>	<u>53,054</u>		
Unencumbered Cash, Ending	<u>\$ 53,054</u>	<u>\$ 59,700</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

CAPITAL IMPROVEMENTS FUND

Schedule 2-10

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
Interest	\$ 3,083	\$ 1,359
Golf Course Fees	\$ -	\$ 8,988
Operating Transfers	<u>116,620</u>	<u>123,900</u>
 Total Receipts	 <u>119,703</u>	 <u>134,247</u>
Expenditures		
Administration	-	37,208
Police	8,679	4,195
Public Works	68	-
Swimming Pool	4,393	-
Deines Cultural Center	44,027	23,364
Armory Building	-	80,695
Golf Course	-	13,074
Operation Transfers	<u>61,530</u>	<u>6,590</u>
 Total Expenditures	 <u>118,697</u>	 <u>165,126</u>
Receipts Over (Under) Expenditures	1,006	(30,879)
Unencumbered Cash, Beginning	1,327,073	1,330,729
Prior Year Cancelled Encumbrances	<u>2,650</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 1,330,729</u>	<u>\$ 1,299,850</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

EQUIPMENT RESERVE FUND

Schedule 2-11

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
Interest Income	\$ 948	\$ 380
Sale of Assets	3,475	20,448
Operating Transfers	<u>83,967</u>	<u>157,468</u>
Total Receipts	<u>88,390</u>	<u>178,296</u>
Expenditures		
Police	56,659	40,657
Administration	-	33,772
Streets	-	153,250
Golf Course	-	29,321
Fire	33	-
Public Works	33	-
Operating Transfers	<u>15,249</u>	<u>-</u>
Total Expenditures	<u>71,974</u>	<u>257,000</u>
Receipts Over (Under) Expenditures	16,416	(78,704)
Unencumbered Cash, Beginning	403,280	420,096
Prior Year Cancelled Encumbrances	<u>400</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 420,096</u>	<u>\$ 341,392</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

RISK MANAGEMENT RESERVE

Schedule 2-12

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
Interest Income	\$ -	\$ 4
Operating Transfers	<u>-</u>	<u>5,000</u>
Total Receipts	<u>-</u>	<u>5,004</u>
Expenditures		
Police	-	-
Administration	-	-
Streets	-	-
Gold Course	-	-
Fire	-	-
Public Works	-	-
Operating Transfers	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	5,004
Unencumbered Cash, Beginning	-	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 5,004</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

DEINES CENTER GRANT FUND

Schedule 2-13

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
State Grant	\$ 658	\$ -
Interest	<u>8</u>	<u>-</u>
Total Receipts	<u>666</u>	<u>-</u>
Expenditures	<u>6,112</u>	<u>-</u>
Total Expenditures	<u>6,112</u>	<u>-</u>
Receipts Over (Under) Expenditures	(5,446)	-
Unencumbered Cash, Beginning	<u>5,446</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

GRANT FUND

Schedule 2-14

	2011 Actual	2012 Actual
Receipts		
CDBG Grant	\$ 29,407	\$ -
Interest	<u>4</u>	<u>-</u>
Total Receipts	<u>29,411</u>	<u>-</u>
Expenditures		
Professional Services	3,161	-
CDBG Demolition	<u>54,800</u>	<u>-</u>
Total Expenditures	<u>57,961</u>	<u>-</u>
Receipts Over (Under) Expenditures	(28,550)	-
Unencumbered Cash, Beginning	<u>28,550</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
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 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

BOND AND INTEREST FUND

Schedule 2-15

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes				
Ad Valorem	\$ 41,210	\$ -	\$ -	\$ -
Delinquent	726	773	-	773
Recreation Vehicle	37	86	111	(25)
Motor Vehicle	2,837	6,067	7,346	(1,279)
Interest Income	278	103	300	(197)
Operating Transfers	100,403	436,301	45,904	390,397
Total Receipts	145,491	443,330	\$ 53,661	\$ 389,669
Expenditures				
Bond Principal	180,000	395,000	395,000	-
Interest Coupons	13,086	83,677	83,675	2
Revitalization District Refund	1,521	-	-	-
Miscellaneous	-	20	-	20
Cash basis reserve	-	-	85,000	(85,000)
Total Expenditures	194,607	478,697	\$ 563,675	\$ (84,978)
Receipts Over (Under) Expenditures	(49,116)	(35,367)		
Unencumbered Cash, Beginning	172,390	123,274		
Unencumbered Cash, Ending	\$ 123,274	\$ 87,907		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

CAPITAL PROJECTS FUNDS

Schedule 2-16

	AIRPORT IMPROVEMENT PROJECT	
	2011	2012
	<u>Actual</u>	<u>Actual</u>
Receipts		
KDOT Grant	\$ 227,137	\$ 14,003
Transfers	78,154	11,590
Interest Income	<u>(35)</u>	<u>4</u>
Total Receipts	<u>305,256</u>	<u>25,597</u>
Expenditures		
Capital Outlay	164,497	4,391
Professional Services	<u>-</u>	<u>98,126</u>
Total Expenditures	<u>164,497</u>	<u>102,517</u>
Receipts Over (Under) Expenditures	140,759	(76,920)
Unencumbered Cash, Beginning	(140,759)	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (76,920)</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

JOHNSON TRUST FUND

Schedule 2-17

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
Trust Distribution	\$ 77,216	\$ 109,965
Interest Income	<u>1,512</u>	<u>733</u>
Total Receipts	<u>78,728</u>	<u>110,698</u>
Expenditures		
Capital Outlay	<u>108,515</u>	<u>-</u>
Total Expenditures	<u>108,515</u>	<u>-</u>
Receipts Over (Under) Expenditures	(29,787)	110,698
Unencumbered Cash, Beginning	693,167	666,605
Prior Year Cancelled Encumbrances	<u>3,225</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 666,605</u>	<u>\$ 777,303</u>

CITY OF RUSSELL, KANSAS

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Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

DEINES CENTER TRUST FUND

Schedule 2-18

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
Interest Income	\$ 35	\$ 14
Total Receipts	<u>35</u>	<u>14</u>
Expenditures		
Professional Services	<u>1,253</u>	<u>-</u>
Total Expenditures	<u>1,253</u>	<u>-</u>
Receipts Over (Under) Expenditures	(1,218)	14
Unencumbered Cash, Beginning	9,309	14,715
Prior Year Cancelled Encumbrances	<u>6,624</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 14,715</u>	<u>\$ 14,729</u>

CITY OF RUSSELL, KANSAS

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Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

DONATION FUND

Schedule 2-19

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
Interest Income	\$ 3	\$ -
Other Income	<u>100</u>	<u>200</u>
Total Receipts	<u>103</u>	<u>200</u>
Expenditures		
Utilities - Customers	<u>2,085</u>	<u>304</u>
Total Expenditures	<u>2,085</u>	<u>304</u>
Receipts Over (Under) Expenditures	(1,982)	(104)
Unencumbered Cash, Beginning	<u>3,617</u>	<u>1,635</u>
Unencumbered Cash, Ending	<u>\$ 1,635</u>	<u>\$ 1,531</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

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(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

GOLF COURSE IMPROVEMENT FUND

Schedule 2-20

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
Interest	\$ 32	\$ -
Donations	1,300	-
Golf Course Fees	<u>10,355</u>	<u>-</u>
Total Receipts	<u>11,687</u>	<u>-</u>
Expenditures		
Repairs & Maintenance	700	-
Construction Material	9,163	-
Transfer to Capital Improvements	<u>-</u>	<u>9,361</u>
Total Expenditures	<u>9,863</u>	<u>9,361</u>
Receipts Over (Under) Expenditures	1,824	(9,361)
Unencumbered Cash, Beginning	<u>7,537</u>	<u>9,361</u>
Unencumbered Cash, Ending	<u>\$ 9,361</u>	<u>\$ -</u>

CITY OF RUSSELL, KANSAS

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Regulatory Basis

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(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

INSURANCE PROCEEDS

Schedule 2-21

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
Fire Insurance Proceeds	\$ 27,583	\$ 3,825
Interest Income	<u>60</u>	<u>1</u>
Total Receipts	<u>27,643</u>	<u>3,826</u>
Expenditures	<u>46,894</u>	<u>14,477</u>
Total Expenditures	<u>46,894</u>	<u>14,477</u>
Receipts Over (Under) Expenditures	(19,251)	(10,651)
Unencumbered Cash, Beginning	<u>29,902</u>	<u>10,651</u>
Unencumbered Cash, Ending	<u>\$ 10,651</u>	<u>\$ -</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

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(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

ELECTRIC FUND

Schedule 2-22

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Sale of Electricity	\$ 6,339,224	\$ 6,331,430	\$ 6,200,000	\$ 131,430
Energy Cost Adjustment	3,702,847	2,256,573	4,000,000	(1,743,427)
Steam Sales	13,638	251,017	50,000	201,017
Sales Tax	-	-	-	-
Customer Deposits	23,915	22,943	-	22,943
Late Payment Penalty	15,894	14,197	15,000	(803)
Rent Income	400	5,322	-	5,322
Reimbursed Expense	-	-	-	-
Miscellaneous Revenue	28,534	37,764	150,000	(112,236)
Insurance Proceeds	-	-	-	-
Interest Income	10,175	4,616	10,000	(5,384)
Total Receipts	<u>10,134,627</u>	<u>8,923,862</u>	<u>\$ 10,425,000</u>	<u>\$ (1,501,138)</u>
Expenditures				
General & Administrative				
Telephone	505	739	1,000	(261)
Postage	7,581	6,173	7,000	(827)
Insurance	-	218	-	218
Fuel & Oil	-	44	2,000	(1,956)
Professional Services	18,714	48,847	30,000	18,847
Dues/Subscriptions	14,121	13,772	12,000	1,772
Sales Tax	2,597	9,295	3,000	6,295
Training/Seminars	3,518	3,617	5,000	(1,383)
Miscellaneous	-	-	5,000	(5,000)
Printing & Advertising	80	36	1,000	(964)
Interest on Consumer Deposits	220	195	500	(305)
Operating Supplies	827	30	500	(470)
Consumer Deposits Refunded	22,083	23,023	-	23,023
Apparatus/Tools	-	-	500	(500)
Office Supplies	-	1,534	1,000	534
Repairs & Maintenance	9	15	1,000	(985)
Uniforms	45	-	1,000	(1,000)
Armory Utilities	468	3,009	3,000	9
Capital Expenses	-	-	11,000	(11,000)
Total General & Administrative	<u>\$ 70,768</u>	<u>\$ 110,547</u>	<u>\$ 84,500</u>	<u>\$ 26,047</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

ELECTRIC FUND

Schedule 2-22

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Production				
Personnel Salaries	\$ 307,263	\$ 309,305	\$ 333,000	\$ (23,695)
Overtime Salaries	9,469	10,024	10,000	24
Accrued Leave Buy Back	1,183	945	1,000	(55)
Telephone	3,922	3,807	5,000	(1,193)
Postage	140	106	500	(394)
Natural Gas	1,563	1,597	5,000	(3,403)
Insurance	115,687	141,498	150,000	(8,502)
Dues/Subscriptions	1,158	99	3,000	(2,901)
Training/Seminars	2,380	1,614	10,000	(8,386)
Professional Services	1,083	17,753	60,000	(42,247)
Printing/Advertising	20	37	500	(463)
Compensating Use Tax	521	119	3,000	(2,881)
Operating Supplies	7,336	291	10,000	(9,709)
Repairs & Maintenance	85,380	84,494	150,000	(65,506)
Turbine Maintenance	-	12,914	50,000	(37,086)
Generation Fuel & Oil	45,587	163,314	50,000	113,314
Natural Gas	136,594	809,070	150,000	659,070
Transport Natural Gas - Turbines	111,203	267,667	250,000	17,667
Purchased Power	7,475,160	5,858,800	7,395,500	(1,536,700)
Chemicals	5,261	6,972	10,000	(3,028)
Fuel & Oil	3,062	3,096	5,000	(1,904)
Apparatus/Tools	2,253	2,617	2,500	117
Office Supplies	1,134	4,531	2,000	2,531
Uniforms	7,620	8,008	10,000	(1,992)
Transportation Downtown power plant	-	58,499	15,000	43,499
Capital Expenditures Equipment	-	212,694	100,000	112,694
Total Production	\$ 8,324,979	\$ 7,979,871	\$ 8,781,000	\$ (801,129)

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

ELECTRIC FUND

Schedule 2-22

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Transportation & Distribution				
Personnel Salaries	\$ 245,511	\$ 267,093	\$ 300,000	\$ (32,907)
Overtime Salaries	4,282	4,803	20,000	(15,197)
Accrued Leave Buy Back	125	375	-	375
Telephone	965	1,133	1,000	133
Natural Gas	1,893	1,134	2,000	(866)
Postage	197	160	500	(340)
Insurance	9,538	10,027	12,000	(1,973)
Dues/Subscriptions	985	3,429	1,000	2,429
Training/Seminars	4,905	465	10,000	(9,535)
Rental	-	625	-	625
Professional Services	7,390	5,448	65,000	(59,552)
Printing/Advertising	-	56	1,500	(1,444)
Compensating Use Tax	511	288	1,000	(712)
Operating Supplies	3,189	3,147	4,300	(1,153)
Repairs & Maintenance	170,068	293,501	205,000	88,501
Chemicals	486	506	500	6
Fuel & Oil	13,653	20,114	20,000	114
Apparatus/Tools	4,359	6,054	5,000	1,054
Office Supplies	140	537	200	337
Uniforms	3,986	4,245	5,000	(755)
Capital Expenditures -	-	45,540	50,000	(4,460)
Capital Expenditures - Distribution System	102,032	6,198	25,000	(18,802)
Total Transportation & Distribution	574,215	674,878	729,000	(54,122)
Operating Transfers				
Transfer To Personnel Benefits	395,000	345,000	345,000	-
Transfer To General	300,000	400,000	400,000	-
Transfer To Risk Management Reserve	-	3,500	-	3,500
Transfer To Electric Depreciation	250,000	250,000	250,000	-
Total Operating Transfers	945,000	998,500	995,000	3,500
Total Expenditures	9,914,962	9,763,796	\$ 10,589,500	\$ (825,704)
Receipts Over (Under) Expenditures	219,665	(839,934)		
Unencumbered Cash, Beginning	3,770,648	3,999,047		
Prior Year Cancelled Encumbrances	8,734	6,204		
Unencumbered Cash, Ending	\$ 3,999,047	\$ 3,165,317		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

ELECTRIC DEPRECIATION RESERVE FUND

Schedule 2-23

	2011 Actual	2012 Actual
Receipts		
Operating Transfer	\$ 250,000	\$ 250,000
Interest Income	6,551	3,140
Sale of Assets	<u>-</u>	<u>3,300</u>
Total Receipts	<u>256,551</u>	<u>256,440</u>
Expenditures		
Professional Services	16,000	-
Capital Outlay	<u>-</u>	<u>17,839</u>
Total Expenditures	<u>16,000</u>	<u>17,839</u>
Receipts Over (Under) Expenditures	240,551	238,601
Unencumbered Cash, Beginning	2,757,354	3,014,880
Prior Year Cancelled Encumbrances	<u>16,975</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 3,014,880</u>	<u>\$ 3,253,481</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

WATER FUND

Schedule 2-24

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Consumer Sales	\$ 2,088,231	\$ 2,081,840	\$ 2,000,000	\$ 81,840
State Water Fee	8,525	8,262	8,000	262
Sales tax	28	-	-	-
Customer Deposits	10,023	10,894	-	10,894
Late Payment Penalty	6,178	5,592	5,000	592
Water District #15 Revenue	-	-	15,000	(15,000)
Miscellaneous Revenue	21,319	6,870	10,000	(3,130)
Water Main Tap Fees	3,361	4,528	5,000	(472)
Bond Refinance Earnest Proceeds (net of refur	68,345	-	-	-
Interest	3,505	1,258	3,000	(1,742)
Ranch Agreement	-	2,497	-	2,497
Total Receipts	<u>2,209,515</u>	<u>2,121,741</u>	<u>\$ 2,046,000</u>	<u>\$ 75,741</u>
Expenditures				
General & Administrative				
Postage	5,241	3,727	5,000	(1,273)
Miscellaneous	-	-	500	(500)
Professional Services	5,493	11,434	14,500	(3,066)
Training	2,208	2,710	2,500	210
Printing & Advertising	199	66	500	(434)
Dues/Subscriptions	2,904	1,040	3,000	(1,960)
Miscellaneous	5	-	1,000	(1,000)
Interest On Consumer Deposits	110	92	1,000	(908)
Principal Payments	1,421,447	-	330,200	(330,200)
Supplies	9,395	(2,059)	500	(2,559)
Repairs & Maintenance	-	-	500	(500)
Interest Payments	258,083	-	226,800	(226,800)
Customer Deposits Refunded	10,448	10,117	1,000	9,117
Office Supplies	720	349	500	(151)
Armory Utilities	75	255	-	255
Bond Issuance Costs	64,956	-	-	-
Capital Improvements	-	-	1,000	(1,000)
Total General & Administrative	<u>\$ 1,781,284</u>	<u>\$ 27,731</u>	<u>\$ 588,500</u>	<u>\$ (560,769)</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

WATER FUND

Schedule 2-24

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Production				
Personnel Salaries	\$ 187,250	\$ 195,680	\$ 232,000	\$ (36,320)
Overtime Salaries	9,807	8,741	12,000	(3,259)
Accrued Leave Buy Back	250	-	1,000	(1,000)
Telephone	1,864	2,046	2,000	46
Postage	1,170	684	1,200	(516)
Natural Gas	6,540	5,825	10,000	(4,175)
Electric Services	38,884	53,857	35,000	18,857
Insurance	26,652	26,488	30,000	(3,512)
Dues/Subscriptions	218	438	1,300	(862)
Training/Seminars	15	418	2,000	(1,582)
Professional Services	23,610	44,857	40,000	4,857
Printing/Advertising	359	83	500	(417)
State Water Fee	8,414	7,847	8,000	(153)
Operating Supplies	712	820	1,000	(180)
Clean Drinking Water Fee	7,888	7,357	8,000	(643)
Repairs & Maintenance	44,268	35,989	24,250	11,739
Chemicals	239,535	269,776	216,000	53,776
Fuel & Oil	3,033	4,023	250	3,773
Apparatus/Tools	113	220	250	(30)
Office Supplies	778	382	250	132
Uniforms	2,859	4,259	3,000	1,259
Lease/Rent	36,900	36,900	37,000	(100)
R-9 Ranch Expenses	-	-	10,000	(10,000)
Capital Outlay	5,168	-	6,000	(6,000)
Total Production	\$ 646,287	\$ 706,690	\$ 681,000	\$ 25,690

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

WATER FUND

Schedule 2-24

	2012			Variance Over (Under)
	2011 Actual	Actual	Budget	
Transportation & Distribution				
Personnel Salaries	\$ 135,893	\$ 143,370	\$ 150,000	\$ (6,630)
Parttime Salaries	-	-	10,000	(10,000)
Overtime Salaries	3,074	3,911	-	3,911
Accrued Leave Buy Back	125	70	1,000	(930)
Telephone	803	915	100	815
Postage	40	206	1,000	(794)
Natural Gas	1,408	4,307	3,000	1,307
Insurance	5,017	3,634	7,000	(3,366)
Dues/Subscriptions	543	253	1,400	(1,147)
Training/Seminars	-	53	2,000	(1,947)
Professional Services	4,684	631	5,000	(4,369)
Printing/Advertising	95	258	500	(242)
Operating Supplies	324	535	1,500	(965)
Repairs & Maintenance	45,863	29,562	40,000	(10,438)
Fuel Oil	13,553	14,722	15,000	(278)
Apparatus/Tools	1,989	3,056	1,000	2,056
Office Supplies	4	29	500	(471)
Uniforms	1,900	2,274	2,000	274
Capital Expenditures - Equipment	-	75,242	100,000	(24,758)
Total Transportation & Distribution	<u>215,315</u>	<u>283,028</u>	<u>341,000</u>	<u>(57,972)</u>
Operating Transfers	<u>200,403</u>	<u>767,301</u>	<u>450,904</u>	<u>(316,397)</u>
Total Expenditures	<u>2,843,289</u>	<u>1,784,750</u>	<u>\$ 2,061,404</u>	<u>\$ (276,654)</u>
Receipts Over (Under) Expenditures	(633,774)	336,991		
Unencumbered Cash, Beginning	1,550,362	920,385		
Prior Year Cancelled Encumbrances	<u>3,797</u>	<u>3,155</u>		
Unencumbered Cash, Ending	<u>\$ 920,385</u>	<u>\$ 1,260,531</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

WATER DEPRECIATION RESERVE FUND

Schedule 2-25

	<u>2011 Actual</u>	<u>2012 Actual</u>
Receipts		
Proceeds from Asset Sales	-	\$ 11,650
Interest	<u>1,539</u>	<u>554</u>
Total Receipts	<u>1,539</u>	<u>12,204</u>
Expenditures		
Professional Service	79,283	19,681
Printing & Adversiting	-	83
Capital Expenditures	<u>25,653</u>	<u>848,237</u>
Total Expenditures	<u>104,936</u>	<u>868,001</u>
Receipts Over (Under) Expenditures	(103,397)	(855,797)
Unencumbered Cash, Beginning	682,030	578,633
Prior Year Cancelled Encumbrances	<u>-</u>	<u>2,800</u>
Unencumbered Cash, Ending	<u>\$ 578,633</u>	<u>\$ (274,364)</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

WASTEWATER FUND

Schedule 2-26

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Sewer Use Charge	\$ 553,093	\$ 553,089	\$ 550,000	\$ 3,089
Penalty	1,806	1,671	1,700	(29)
Interest	1,479	330	1,500	(1,170)
Rentals	2,718	-	-	-
Miscellaneous Revenue	-	2,718	-	2,718
Sewer Main Tap Fees	600	1,235	400	835
Total Receipts	<u>559,696</u>	<u>559,043</u>	<u>\$ 553,600</u>	<u>\$ 5,443</u>
Expenditures				
Personnel Salaries	75,228	80,103	75,500	4,603
Overtime Salaries	5,287	5,711	6,500	(789)
Accrued Buy Back	195	70	500	(430)
Telephone	238	233	500	(267)
Postage	3,152	1,504	2,000	(496)
Natural Gas	1,208	854	1,500	(646)
Insurance	1,953	2,396	2,000	396
Dues/Subscriptions	2,966	445	1,500	(1,055)
Sales Tax	-	-	1,000	(1,000)
Training/Seminars	616	335	1,000	(665)
Professional Services	7,156	8,599	12,000	(3,401)
Printing/Advertising	80	-	500	(500)
Operating Supplies	229	982	1,000	(18)
Repairs & Maintenance	26,001	26,817	28,000	(1,183)
Chemicals	913	827	2,000	(1,173)
Fuel & Oil	9,301	8,424	10,000	(1,576)
Apparatus/Tools	1,940	556	2,000	(1,444)
Office Supplies	840	597	1,000	(403)
Armory Utilities	108	305	-	305
Miscellaneous	-	-	500	(500)
Uniforms	443	530	1,000	(470)
Principal	841,101	-	146,145	(146,145)
Interest	38,311	-	23,498	(23,498)
Capital Expenditures	-	-	50,000	(50,000)
Operating Transfer	20,000	173,000	148,000	25,000
Total Expenditures	<u>1,037,266</u>	<u>312,288</u>	<u>\$ 517,643</u>	<u>\$ (205,355)</u>
Receipts Over (Under) Expenditures	(477,570)	246,755		
Unencumbered Cash, Beginning	572,759	99,739		
Prior Year Encumbrances Cancelled	<u>4,550</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 99,739</u>	<u>\$ 346,494</u>		

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES

Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

WASTEWATER REPLACEMENT FUND

Schedule 2-27

	2011 <u>Actual</u>	2012 <u>Actual</u>
Receipts		
Interest	\$ 665	\$ 258
Operating Transfers	<u>-</u>	<u>75,000</u>
Total Receipts	<u>665</u>	<u>75,258</u>
Expenditures		
Capital Outlay	<u>49,769</u>	<u>57,954</u>
Total Expenditures	<u>49,769</u>	<u>57,954</u>
Receipts Over (Under) Expenditures	(49,104)	17,304
Unencumbered Cash, Beginning	309,083	259,979
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 259,979</u>	<u>\$ 277,283</u>

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

SANITATION FUND

Schedule 2-28

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts				
Consumer Sales	\$ 262,721	\$ 262,317	\$ 250,000	\$ 12,317
Consumer Sales - Landfill	145,470	145,347	150,000	(4,653)
Sales Tax	1,173	1,567	-	1,567
Polykart Sales	10,572	12,697	7,000	5,697
Recycling Sales	12,936	6,282	5,000	1,282
Penalty	1,516	1,380	-	1,380
Interest	737	193	-	193
Miscellaneous Revenue	9,094	12,317	10,000	2,317
Total Receipts	444,219	442,100	\$ 422,000	\$ 20,100
Expenditures				
General & Administrative				
Sales Tax	1,333	1,587	1,000	587
Professional Service	3,712	1,801	3,000	(1,199)
Postage	2,930	1,277	1,500	(223)
Office Supplies	6,875	349	500	(151)
Repairs & Maintenance	1,947	144	250	(106)
Supplies	-	8,323	250	8,073
Armory Utilities	30	90	-	90
Dues/Licenses/Fees/Subscriptions	-	120	1,000	(880)
Miscellaneous	2,208	-	500	(500)
Total General & Administrative	19,035	13,691	8,000	5,691
Sanitation				
Personnel Salaries	138,278	154,257	155,000	(743)
Overtime Salaries	1,804	1,191	4,000	(2,809)
Accrued Leave Buy Back	530	210	1,000	(790)
Landfill Charges	102,673	100,999	114,000	(13,001)
Postage	-	-	1,000	(1,000)
Training/Seminars	2,121	2,139	1,000	1,139
Insurance	1,324	408	2,000	(1,592)
Professional Services	125	322	1,000	(678)
Printing/Advertising	-	41	1,000	(959)
Operating Supplies	-	6,641	9,000	(2,359)
Repairs & Maintenance	12,203	4,827	4,500	327
Fuel & Oil	17,713	16,669	20,000	(3,331)
Office Supplies	-	-	1,000	(1,000)
Apparatus/Tools	-	-	1,000	(1,000)
Uniforms	1,714	2,106	2,000	106
Capital Expense	141,417	-	50,000	(50,000)
Total Sanitation	419,902	289,810	367,500	(77,690)

CITY OF RUSSELL, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

SANITATION FUND

Schedule 2-28

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Operating Transfers	128,500	147,000	147,000	-
Total Expenditures	567,437	450,501	\$ 522,500	\$ (71,999)
Receipts Over (Under) Expenditures	(123,218)	(8,401)		
Unencumbered Cash, Beginning	296,376	173,158		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	\$ 173,158	\$ 164,757		

CITY OF RUSSELL, KANSAS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
 Regulatory Basis
 For the Year Ended December 31, 2012

AGENCY FUNDS

Schedule 3

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Drug Task Force Program	\$ 4,791	\$ 3,807	\$ 1,979	\$ 6,619
Municipal Court	3,621	81,063	78,219	6,465
Sink or Swim	2,693	296	700	2,289
Total	\$ 11,105	\$ 85,166	\$ 80,898	\$ 15,373