

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 10, 2026

**New Issue
Bank Qualified
Book-Entry Only**

Standard & Poor's Rating: "AA-"

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the interest on the Bonds [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Bonds is exempt from income taxation by the State of Kansas, (3) the Bonds are designated as "qualified tax-exempt obligations" within the meaning of Code Section 265(b)(3). See TAX MATTERS in this Official Statement.



\$8,960,000*
CITY OF RUSSELL, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2026-A

Dated: Date of Delivery (the "Dated Date")

Due: As Shown Herein

The General Obligation Bonds, Series 2026-A Bonds (the "Bonds") will be issued by the City of Russell, Kansas (the "Issuer" or "City"), as fully registered bonds, without coupons. Purchases of the Bonds will be made in book-entry only form in the denomination of \$5,000 or any integral multiple thereof (the "Authorized Denomination"). Principal on the Bonds will be payable annually on August 1 in the years shown herein. Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year until maturity or earlier redemption, commencing on February 1, 2027 (the "Bond Interest Payment Date"). The Treasurer of the State of Kansas will be designated as paying agent and registrar or the Bonds (the "Paying Agent" and "Bond Registrar"). The Bonds are subject to redemption at the option of the City as further described herein. See THE BONDS – "Redemption Provisions" herein.

MATURITY SCHEDULE
(see inside front cover)

The full faith, credit, and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same becomes due. See THE BONDS - "Security" herein.

The Bonds are offered when, as and if issued by the City and received by the Underwriter subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, in New York, New York, on or about March 17, 2026.

**BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED
PURSUANT TO THE NOTICE OF SALE:
On or before 10:00 a.m., Central Daylight Time
On Tuesday, February 17, 2026**

* Preliminary; subject to change.

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is intended solely for solicitation of initial bids to purchase the Bonds.

MATURITY SCHEDULE

**\$8,960,000⁽¹⁾
CITY OF RUSSELL, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2026-A**

Serial Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	Base CUSIP⁽²⁾ <u>782514</u>
08-01-27	\$140,000			
08-01-28	295,000			
08-01-29	310,000			
08-01-30	325,000			
08-01-31	345,000			
08-01-32	360,000			
08-01-33	380,000			
08-01-34	395,000			
08-01-35 ⁽³⁾	415,000			
08-01-36 ⁽³⁾	435,000			
08-01-37 ⁽³⁾	460,000			
08-01-38 ⁽³⁾	480,000			
08-01-39 ⁽³⁾	500,000			
08-01-40 ⁽³⁾	520,000			
08-01-41 ⁽³⁾	540,000			
08-01-42 ⁽³⁾	565,000			
08-01-43 ⁽³⁾	585,000			
08-01-44 ⁽³⁾	610,000			
08-01-45 ⁽³⁾	635,000			
08-01-46 ⁽³⁾	665,000			

[Term Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	Base CUSIP <u>782514</u>
20__	\$_____	____%	____%	
20__	\$_____	____%	____%]

⁽¹⁾ Preliminary; subject to change.

⁽²⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2025 CUSIP Global Services. CUSIP data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. None of the Issuer, the Underwriter, or their agents or counsel assume responsibility for the accuracy of such numbers.

⁽³⁾ At the option of the City, Bonds maturing on August 1, 2035 and thereafter, will be subject to redemption and payment prior to their Stated Maturity on August 1, 2034, and at any time thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the City in such equitable manner as it may determine), at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date. [The Series 2026-A Term Bonds are also subject to mandatory redemption as further described herein.] See THE BONDS – “Redemption Provisions” herein.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS "ESTIMATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE ISSUER FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

CITY OF RUSSELL, KANSAS
133 W 8th Street
P. O. Box 112
Russell, Kansas 67665
(785) 483-6311

CITY COMMISSION

Jim Cross, Mayor
Michelle Wagner Schneider, Councilmember
Caleigh Befort, Councilmember
Chuck Bean, Councilmember
Lisa Anstaett, Councilmember
Blaine Stoppel, Councilmember
Andrea Garland, Councilmember
Dustin Madden, Councilmember
Brad Wagner, Councilmember

CITY STAFF

Kayla Schneider, City Manager
Shayla Peck, Treasurer
Ashley Mai, City Clerk

CITY ATTORNEY

Ken Cole
Russell, Kansas

BOND COUNSEL

Gilmore & Bell, P.C.
Wichita, Kansas

MUNICIPAL ADVISOR

Stifel, Nicolaus & Company, Incorporated
Kansas City, Missouri

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Official Statement does not constitute a contract between the Issuer or the Underwriters and any one or more of the purchasers, Owners or Beneficial Owners of the Bonds.

All financial and other information presented herein, except for information expressly attributed to other sources, has been provided by the City from its records and is intended to show recent historic information. Such information is not guaranteed as to accuracy or completeness. All descriptions of laws and documents contained herein are only summaries and are qualified in their entirety by reference to such laws and documents.

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OFFICIAL STATEMENT

\$8,960,000*
CITY OF RUSSELL, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2026-A

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement is to present certain information concerning the City of Russell, Kansas (the "Issuer" or "City"), and the offering of its \$8,960,000* General Obligation Bonds, Series 2026-A (the "Bonds"). The Bonds are being issued to provide funds to pay for a portion of the cost of acquiring and installing new municipal electric generating equipment. See THE FINANCING PLAN herein.

The full faith, credit, and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same becomes due. See THE BONDS - "Security" herein.

The Appendices are an integral part of this Official Statement and should be read in their entirety.

All financial and other information presented herein has been provided by the City and other sources deemed to be reliable. The presentation of information herein is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. Stifel, Nicolaus & Company, the Municipal Advisor, has assisted the Issuer with the preparation of this Official Statement, but has not independently verified the factual and financial information contained herein. Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the City, has not assisted in the preparation of nor reviewed this Official Statement, except to the extent described under the sections captioned LEGAL MATTERS and, accordingly, expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Definitions

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the ordinance and resolution of the governing body of the City authorizing the Bonds (collectively, the "Bond Resolution"), as applicable. Copies of the Bond Resolution are available upon request to the City or the Municipal Advisor.

Additional Information

Additional information regarding the City or the Bonds may be obtained from Stifel, Nicolaus & Company, Incorporated, 4622 Pennsylvania Avenue, Suite 1210, Kansas City, Missouri 64112, telephone 816-203-8733.

THE BONDS

Authority

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the state of Kansas, including K.S.A. 12-2736 *et seq.* of the City, , all as amended and supplemented from time to time, an Ordinance passed by the governing body of the City and a resolution adopted by the governing body of the City (collectively, the "Bond Resolution").

*Preliminary; subject to change

Security

The Bonds shall be general obligations of the City, payable as to both principal and interest, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Levy and Collection of Annual Tax, Transfer to Debt Service Account

The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. Such taxes shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer, shall thereafter be transferred to the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

Description

The Bonds shall consist of fully registered book-entry-only bonds in an Authorized Denomination and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds will be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the inside cover page of this Official Statement. The Bonds shall bear interest (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Bond Interest Payment Date to which interest has been paid, on the Bond Interest Payment Dates in the manner hereinafter set forth.

Redemption Provisions

Optional Redemption. At the option of the Issuer, Bonds maturing on August 1 in the years 2035, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on August 1, 2034, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

[Mandatory Redemption. (a) 20[] Term Bonds. The 20[] Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on August 1 in each year, the following principal amounts of such 20[] Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
]	*]

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in an Authorized Denomination. When less than all of the outstanding Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the City shall determine. When such a redemption involves Bonds of less than a full Stated Maturity then the Bonds to be redeemed shall be selected by the Bond Registrar in minimum Authorized Denomination in such equitable manner as the Bond Registrar may determine. In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination value represented by any Bond is selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such minimum Authorized Denomination value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination value called for redemption (and to that extent only).

Notice and Effect of Call for Redemption. Unless waived by any Owner of Bonds to be redeemed, if the City shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the City shall give written notice of its intention to call and pay said Bonds to the Bond Registrar. In addition, the City shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

In addition to the foregoing notice, the City shall provide such notices of redemption as are required by the Disclosure Undertaking. The Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

Designation of Paying Agent and Bond Registrar

The City will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Bond Resolution. The City reserves the right to appoint a successor paying agent or bond registrar. No resignation or removal of the paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or bond registrar. Every paying agent or bond registrar appointed by the City shall at all times meet the requirements of Kansas law.

The Treasurer of the State of Kansas, Topeka, Kansas (the "Bond Registrar" and "Paying Agent") has been designated by the City as paying agent for the payment of principal of and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds.

Registration, Transfer and Exchange of Bonds

As long as any of the Bonds remain Outstanding, each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register. Bonds may be transferred and exchanged only on the Bond Register as hereinafter provided. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. The City shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

The City and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest.

Method and Place of Payment of the Bonds

The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

The interest payable on each Bond on any Bond Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Owner wishes to have such transfer directed.

“Record Date” means, for the interest payable on any Bond Interest Payment Date, the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Bond Interest Payment Date.

Notwithstanding the foregoing, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall notify the City of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice not less than 10 days prior to such Special Record Date.

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE BONDS, THE BOND PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See “THE BONDS – Book-Entry Bonds; Securities Depository.”

Mutilated, Lost, Stolen or Destroyed Bonds

If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its discretion, may pay such Bond instead of issuing a new Bond. Upon the issuance of any new Bond, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Nonpresentment of Bonds

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Payments Due on Saturdays, Sundays and Holidays

In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Book-Entry Bonds; Securities Depository

The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraphs.

The City may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the City determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interest in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the City, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the City, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the City.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable

statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of the Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Bonds, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE FINANCING PLAN

Proceeds from the sale of the Bonds will be used to provide financing for a portion of the cost of acquiring and installing new electric equipment in the City's municipal power plant building (the "Bond Project") and to pay the costs associated with the issuance of the Bonds. The equipment includes new generators designed to add approximately 15 megawatts of generation capacity to the electric system. The total estimated cost of the Bond Project is \$14,135,000, with the Bonds representing the second phase of debt issued for the improvements. The City previously issued its General Obligation Bonds, Series 2024-A in the amount of \$4,700,000 to finance the initial cost of the Bond Project. Additional details regarding the Bond Projects are as follows:

<u>Project Description</u>	<u>Resolution</u>	<u>Statutory Authority</u>	<u>Authorized Principal Amount</u>
Electric System Generation Improvements	28-23	K.S.A. 12-1736	\$14,135,000

SOURCES AND USES OF FUNDS

Funds to be used in the Financing Plan will be provided and applied approximately as follows.

Sources of Funds:

- Principal Amount
- Original Issue Premium
- Total Sources of Funds

Uses of Funds:

- Deposit to Improvement Fund
- Costs of Issuance
- Underwriter's Discount
- Total Application

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE CITY OR THE UNDERWRITER.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City or the taxing authority of the City.

Limitations on Remedies Available to Owners of Bonds

The enforceability of the rights and remedies of the owners of Bonds, and the obligations incurred by the City in issuing the Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Debt Service Source; Issuer's Tax Revenues

The Bonds are general obligations of the Issuer payable as to both principal and interest, if necessary, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property and/or sales taxes within the State. The effects of such legislative changes could affect the Issuer's property tax and sales tax collections, and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases

in property tax rates of overlapping taxing units, or a decrease in other revenue sources could increase effective property tax rates and the resulting increase could be material. Taxpayers may also challenge the value of property assigned by the county appraiser. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material adverse effect on the Issuer's financial situation. See "APPENDIX A – FINANCIAL INFORMATION CONCERNING THE CITY - Appraisal and Assessment Procedures."

Kansas Public Employees Retirement System

As described in "APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans," the Issuer participates in the Kansas Public Employees Retirement System ("KPERs"), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERs administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Public Employees Retirement System – Local Group (the "Plan"). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability ("UAAL"). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERs' Valuation Reports, the Local Group had an UAAL of approximately \$2.173 billion in calendar year 2024.

Taxation of Interest on the Bonds

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Bonds is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Bonds includable in gross income for federal income tax purposes.

The City has covenanted in the Bond Resolution and in other documents and certificates to be delivered in connection with the issuance of the Bonds to comply with the provisions of the Code, including those which require the City to take or omit to take certain actions after the issuance of the Bonds. Because the existence and continuation of the excludability of the interest on the Bonds depends upon events occurring after the date of issuance of the Bonds, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the City with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Bonds in the event of noncompliance with such provisions. The failure of the City to comply with the provisions described above may cause the interest on the Bonds to become includable in gross income as of the date of issuance.

Premium on the Bonds

The initial offering prices of certain maturities of the Bonds that are subject to optional redemption may be in excess of the respective principal amounts thereof. Any person who purchases such a Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Bonds are subject to redemption at par under the various circumstances described under THE BONDS – "Redemption Provisions."

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Bond Resolution does not provide for the payment of additional interest or penalty on the Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Bond Resolution does not provide for the payment of any additional interest or penalty on the Bonds if the interest thereon becomes subject to income taxation by the State of Kansas.

Suitability of Investment

The tax exempt feature of the Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment.

Market for the Bonds

Ratings. The Bonds have been assigned the financial rating set forth in the section hereof titled RATING. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse affect on the market price of the Bonds.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of Bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the City, or a material adverse change in the financial condition of the City, whether or not the Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Recent Legislative Proposals

Congress and the President periodically work on various proposals to increase income taxes and to reduce tax deductions and expenditures. These discussions have made it clear that the tax exemption of municipal bonds is considered a tax expenditure and as such there is no guaranty that the tax exempt status on municipal bonds will remain unchanged as a result of these discussions. If a legislative change is enacted which results in all, or a portion, of the interest on the Bonds being subjected to Federal income taxes, such legislation or proposals could affect the value or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding the impact of any change in law on the Bonds.

Cybersecurity Risks

Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the Issuer and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If a security breach occurs, the Issuer may incur significant costs to remediate possible injury to the affected persons, and the Issuer may be subject to sanctions and civil penalties. Any failure to maintain proper functionality and security of information systems could interrupt the Issuer's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

Natural Disasters or Terrorist Attacks

The occurrence of a terrorist attack in the Issuer, or natural disasters, such as fires, tornados, earthquakes, floods or droughts, could damage the Issuer and its systems and infrastructure, and interrupt services or otherwise impair operations of the Issuer.

Infectious Diseases

The Issuer's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics, such as the Coronavirus (COVID-19) pandemic. The Issuer cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the local, State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the Issuer, including but not limited to the payment of debt service on any of its outstanding debt obligations.

LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds by the City are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the City. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the matters appearing in the sections of this Official Statement captioned THE BONDS, LEGAL MATTERS, TAX MATTERS, and APPENDIX B – SUMMARY OF FINANCING DOCUMENTS.

TAX MATTERS

General

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the issue date of the Bonds:

Federal Tax Exemption: The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification – The Bonds. The Bonds are “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3).

Kansas Tax Exemption. The interest on the Bonds is exempt from income taxation by the State of Kansas.

No Other Opinions. Bond Counsel's opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than "qualified stated interest" (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Because the August 1, 2027, interest payment will be paid more than one year after the Bonds are issued, such interest payment does not constitute qualified stated interest, and the stated redemption price at maturity of each Bond includes such interest payment. Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than "qualified stated interest" (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent the Bonds are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Bonds, and to the proceeds paid on the sale of Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

RATING

S&P Global has signed a rating of “AA-” to the bonds. Any explanation of the significance of such rating may be obtained only from said rating agency. There is no assurance that the rating will remain for any given period of time or that they may not be lowered or withdrawn entirely by the rating service if, in their judgment, circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Stifel, Nicolaus & Company, Incorporated, Kansas City, Missouri, has acted as Municipal Advisor to the City in connection with the sale of the Bonds. The Municipal Advisor has assisted the Issuer with the preparation of this Official Statement, but has not independently verified the factual and financial information contained herein. The Municipal Advisor has also assisted the City with other matters relating to the issuance of the Bonds. The fees of the Municipal Advisor are contingent upon the issuance of the Bonds.

UNDERWRITING

The Bonds were purchased at public sale by [_____] (the “Underwriter”) at a price equal to the par amount of the Bonds, plus a net premium of \$[_____] , less an underwriting discount of \$[_____].

ABSENCE OF MATERIAL LITIGATION

The City, in the ordinary course of business, is a party to various legal proceedings. In the opinion of management of the City, any judgment rendered against the City in such proceedings would not materially adversely affect the financial position of the City.

The Transcript of Proceedings will contain a certificate of non-litigation dated as of the closing date and executed by the City to the effect that, except as disclosed in the Official Statement, there is no controversy, suit, or proceeding of any kind pending or, to the knowledge of the City, threatened wherein or whereby any question is raised, or may be raised, questioning, disputing, or affecting in any way the legal organization of the City or its boundaries or the legality of any official act shown to have been done regarding the issuance of the Bonds or the constitutionality or validity of the obligation represented by the Bonds or the means provided for the payment of the Bonds.

CONTINUING DISCLOSURE

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. In connection with the issuance of the Bonds, the City will enter into a continuing disclosure undertaking (the “Disclosure Undertaking”) wherein the City covenants to annually provide certain financial information and operating data (collectively, the “Annual Report”) and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. Pursuant to the Disclosure Undertaking, the City shall provide the Annual Report by the first day of the tenth month after the end of the City’s Fiscal Year, commencing with the year ending December 31, 2025.

In the Bond Resolution, the Issuer covenants with the Underwriter and the Beneficial Owners to apply the provisions of the Disclosure Undertaking to the Bonds. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds. For more information regarding the Disclosure Undertaking, see “APPENDIX C – FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

In the past five years, the Issuer failed to link its filings for fiscal years ending December 31, 2020 and December 31, 2023 to all of the relevant outstanding bond issues. The Issuer has taken steps to remediate these filings.

CERTIFICATION OF THIS OFFICIAL STATEMENT

The preparation and distribution of this Official Statement has been authorized by the City. This Official Statement is hereby duly approved by the governing body of the City as of the date on the cover page hereof.

CITY OF RUSSELL, KANSAS

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APPENDIX A: INFORMATION CONCERNING THE CITY

**FINANCIAL OVERVIEW
CITY OF RUSSELL, KANSAS**

	Gross Debt Outstanding
2025 Estimated Actual Valuation	\$ 304,429,626
2025 Assessed Valuation	\$ 45,457,162
Outstanding General Obligation Debt (1)(2)	\$ 14,395,000
Population (2025 U. S. Census Bureau Estimate)	4,325
General Obligation Debt Per Capita	\$ 3,328
Ratio of General Obligation Bonded Debt to Actual Valuation	4.73%
Ratio of General Obligation Bonded Debt to Assessed Valuation	31.67%
Outstanding Temporary Notes	\$ 0
Outstanding Lease Obligations	\$ 366,165
Outstanding State Loans (2)	\$ 7,520,754
Outstanding Revenue Bonds	\$ 0
Overlapping General Obligation Bonded Debt (3)	\$ 0
Direct and Overlapping General Obligation Debt (4)	\$ 21,915,754
Direct and Overlapping General Obligation Debt Per Capita	\$ 5,067
Ratio of Direct and Overlapping Debt to Actual Valuation	7.20%
Ratio of Direct and Overlapping Debt to Assessed Valuation	48.21%

(1) Includes the Bonds. For a more detailed list of outstanding general obligations see DEBT STRUCTURE - "Current Indebtedness" herein.

(2) The City intends to provide for the payment of all of its general obligation bonds and state loans from net revenues generated from its municipal water and electric systems. Nonetheless, such debt is ultimately a general obligation of the City. See DEBT STRUCTURE – "Current Indebtedness" herein.

(3) Includes outstanding general obligation bonds for jurisdictions whose boundaries overlap those of the City. Does not include bonding authority being sought by Unified School District No. 407 at a March 3, 2025 election. See DEBT STRUCTURE - "Overlapping Debt".

(4) Includes outstanding general obligation bonds, temporary notes and state loans of the City and overlapping general obligation bonded debt.

GENERAL INFORMATION

Location and Size

The City is located along Interstate 70 in central Kansas, approximately 240 miles from Kansas City and 365 miles from Denver. The City, which had a 2025 U.S. Census Bureau estimated population of 4,325, contains approximately 4.8 square miles and serves as the county seat for Russell County, which had a 2025 estimated U.S. Census Bureau population of 6,557. Hays, Kansas is 25 miles west of the City.

Government

The City was incorporated in 1872 and is a city of the second class. The City operates under a mayor-council-manager form of government. The eight councilmembers, elected by ward, serve two-year terms. The Mayor, elected at large for two-year terms, presides over Council meetings and appoints certain city officials, subject to Council approval. The city manager is hired by the Mayor and City Council with a contract, and is charged with the efficient and effective administration of the City.

<u>Name</u>	<u>Title</u>
Jim Cross	Mayor
Caleigh Befort	Councilmember
Michelle Wagner Schneider	Councilmember
Chuck Bean	Councilmember
Lisa Anstaett	Councilmember
Andrea Garland	Councilmember
Blaine Stoppel	Councilmember
Dustin Madden	Councilmember
Brad Wagner	Councilmember

<u>Name</u>	<u>Title</u>
Kayla Schneider	City Manager
Shayla Peck	Treasurer
Ashley Mai	City Clerk

Municipal Services and Utilities

The City's police department has 8 full-time and 2 part time personnel and is contracted to provide countywide dispatch services for Russell County. Two full-time and 18 on-call firefighters provide continuous full-time protection to the City and rescue services to all of Russell County

The City owns and operates its own electric, water and sewer utility systems. The City also provides solid waste collection and disposal service. Gas service is provided by Kansas Gas Service. Telephone and cable service is provided by Rural Telephone, Eagle Communications and Nex-Tech. Cellular service is provided by a variety of carriers.

Pension and Employee Retirement Plans

The Issuer participates in the Kansas Public Employees Retirement System ("KPERs") established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 et seq., to provide retirement and related benefits to public employees in Kansas. KPERs is governed by a board of trustees consisting of nine members each of whom serve four-year terms. The board of trustees appoints an executive director to serve as the managing officer of KPERs and manage a staff to carry out daily operations of the system.

As of June 30, 2024, KPERS serves approximately 346,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen's Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for approximately 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

(a) State/School Group - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.

(b) Local Group - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

KPERS is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The Issuer's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

In 2004, 2015 and 2021, the Kansas Development Finance Authority, on behalf of the State, issued pension obligation bonds and contributed the proceeds thereof to KPERS to assist with improving the status of the unfunded actuarial pension liability. In 2022 the Legislature provided for additional contributions totaling \$1.125 billion in four payments to be deposited into the KPERS trust fund for the School Group. For more information about the Legislature's actions related to KPERS, please see the valuation report referenced below.

The Issuer's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The Issuer's contribution is 9.71% of the employee's gross salary for calendar year 2025, and is projected to change to 9.59% of the employee's gross salary for calendar year 2026. In addition, the Issuer contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees.

According to the Valuation Report as of December 31, 2024 (the "2024 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$2.173 billion at the end of 2024. The amount of the UAAL in 2024 changed from the previous year's amount due to the factors discussed in the 2024 Valuation Report; such report also includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group. A copy of the 2024 Valuation Report is available on the KPERS website at www.kspers.gov/about/reports. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2024 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2024 Valuation Report sets the employer contribution rate for the period beginning January 1, 2027, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 9.44% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial period set forth in the 2024 Valuation Report. The statutory contribution rate of employers currently equals the 2024 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

The Issuer has established membership in the Kansas Police and Fire Retirement System (“KP&F”) for its police and fire personnel. KP&F is a division of and is administered by KPERS. Annual contributions are adjusted annually based on actuarial studies, subject to legislative caps on percentage increases. According to the 2022 Valuation Report, KP&F carried an UAAL of approximately \$1.521 billion at the end of 2024. For KP&F, the Issuer's employees currently annually contribute 7.15% of their gross salary to the plan. For the year beginning January 1, 2025, the Issuer contributed 24.67% of employees’ gross salary.

Population

The following table provides the City’s estimated historic population figures according to the U. S. Census Bureau website.

<u>Year</u>	<u>Population</u>
2025	4,325
2024	4,258
2023	4,258
2022	4,238
2021	4,363
2020	4,400
2019	4,525
2018	4,460
2017	4,496
2016	4,570

Per Capita Personal Income

The following table provides the per capita personal income figures available for Russell County and the State of Kansas:

<u>Year</u>	<u>Russell County</u>	<u>State of Kansas</u>
2024	N/A	\$68,038
2023	\$59,870	65,869
2022	54,213	60,152
2021	54,616	58,857
2020	50,128	55,974
2019	45,962	52,876
2018	43,919	50,663
2017	41,833	48,651
2016	41,561	47,326
2015	46,218	47,332

Source: *Kansas Statistical Abstract*, 2024

Unemployment Rate

The following table indicates the unemployment figures for Russell County and the State of Kansas for the years indicated.

<u>Year</u>	<u>Russell County</u>	<u>State of Kansas</u>
2025 (Dec)	3.4%	3.8%
2024	4.1	3.6
2023	2.7	2.9
2022	2.3	2.7
2021	2.5	3.3
2020	4.1	5.8
2019	3.0	3.3
2018	3.0	3.4
2017	3.4	3.7
2016	4.2	4.0

Source: Kansas Department of Labor

Transportation

The City is served by two major highways: I-70 and US-281. Rail service is provided by Union Pacific Railroad. Russell Municipal Airport is located within one mile of the City and provides a 5,500 foot concrete runway capable of handling small and private aircraft. Commercial air service is available in Hays and Salina, approximately 25 and 70 miles away from the City, respectively.

Education

Unified School District No. 407 provides public education through its two elementary schools, one middle school, and one senior high school. Total enrollment per the District as of September 20, 2025 was approximately 653.

The City has several vo-tech, junior colleges, and universities within 100 miles, including North Central Kansas Technical College in Beloit, Kansas; Barton County Community College in Great Bend, Kansas; and Fort Hays State University and North Central Kansas Vo-Tech, both in Hays, Kansas.

Medical Facilities

Russell Regional Hospital, a full-service facility, is located in the City and serves the surrounding rural areas. Hays Medical Center, Clara Barton Hospital, Great Bend Regional Medical Center and St. Rose Ambulatory & Surgery Center (formerly known as Central Kansas Medical Center) are all within 35 miles from the City.

Financial Institutions

Four banks are located in the City. All four are branch banks that do not separately report deposits.

Recreation and Cultural Facilities

Public recreation facilities available include: 160 acres of city parks, a 9-hole municipally owned public golf course, a public swimming pool, numerous ball parks and playing fields, and a municipal library. The Russell Recreation Commission provides recreational opportunities for children through adult in several different activities. Wilson Lake is a major recreation area offering swimming, boating, fishing, camping, and hunting. The Deines Cultural Center sponsors a wide variety of classes, artistic exhibits and activities, musical events and concerts, and educational and historic programs throughout the year.

ECONOMIC CHARACTERISTICS

The economy of Russell is based primarily on agriculture with wheat gluten and ethanol manufacturing facilities located in the local industrial park. Russell County is also one of the leading petroleum producing counties in Kansas.

Oil Production

<u>Year</u>	<u>Number of Wells</u>	<u>Oil Production (number of barrels)</u>
2025 (Jun)	1,709	600,372
2024	1,793	1,283,419
2023	1,807	1,322,857
2022	1,839	1,334,459
2021	1,866	1,335,029
2020	1,916	1,315,450
2019	1,971	1,499,286
2018	1,998	1,557,728
2017	1,989	1,600,018
2016	1,995	1,620,664

Source: Kansas Geological Survey website

Major Employers

Major employers in the City of Russell are as follows:

<u>Employer</u>	<u>Product/Business</u>	<u>Estimated Employment</u>
Unified School District No. 407	Education	300
Russell Regional Hospital	Healthcare	165
Russell County	Government	115
City of Russell	Government	110
Purefield Ingredients	Wheat Gluten and Ethanol Production	100

Source: City of Russell

DEBT STRUCTURE

Current Indebtedness

The following is an overview of the City's outstanding indebtedness by classification as of the dated date of the Bonds.

General Obligation Bonds:

<u>Series</u>	<u>Purpose</u>	<u>Dated Date</u>	<u>Amount of Issue</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
2015-A	Internal Improvements	10-28-15	\$1,015,000	08-01-30	\$ 370,000
2020-A	Internal Improvements	03-10-20	2,601,000	08-01-27	515,000
2024-A	Internal Improvements	03-14-24	4,700,000	08-01-44	4,550,000
2026-A	Internal Improvements	03-17-25	8,960,000	08-01-46	<u>8,960,000*</u>
					\$14,395,000

*Preliminary; subject to change.

The City has historically paid, and expects to continue to pay, the debt service on the Series 2015-A and Series 2020-A bonds with net revenue generated from the operation of its municipal water system. Additionally, the City plans to provide for the payment of debt service of the Series 2024-A bonds and the Bonds with the net revenue of the City's municipal electric system. Nonetheless, regardless of the availability of such revenues, all outstanding bonds listed above are ultimately general obligations and are supported by the City's full faith and credit.

Lease Purchase Obligations:

<u>Project</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Original Note Amount</u>	<u>Amount Outstanding</u>
Community Leasing Partners – Fire Engine	12-09-19	2031	\$385,497	\$211,764
Southwind Bank Police Vehicles	01-12-26	2029	154,401	<u>154,401</u>
				\$366,165

Temporary Note: None

State Loans: State loans are payable from the net revenues derived by the City from the operation of its water and system. However, state loans also represent a general obligation indebtedness of the City for which the City's taxing ability has been pledged.

<u>Project</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Original Note Amount</u>	<u>Amount Outstanding</u>
KPWSLF Project No. 2731	10/16/13	02-01-33	\$ 350,099	\$ 137,367
KPWSLF Project No. 2791	8/31/15	08-01-34	1,223,635	579,935
KPWSLF Project No. 3057*	12/30/22	08-01-43	4,334,429	3,816,618
KWPCRF Project No. C20 2052 01*	12/8/23	09-01-43	3,391,670	<u>\$3,016,834</u>
Total				\$7,520,754

*The projects being funded with these loans are still in progress. Once the project is completed the loan will be finalized. The final principal amounts are not expected to be greater than the figures shown above.

Revenue Bonds: None

Overlapping Debt

As the sale date of the Bonds, none of the municipalities with taxing boundaries overlapping the City had any outstanding general obligation debt. However, Unified School District No. 407, which serves the City and surrounding communities, has scheduled a \$13,500,000 bond election on March 3, 2026. If successful, approximately 44.1% or \$5,953,500 of the new debt of the District, when issued, will be applicable to the property owners within the City. Voters within the District rejected a bond ballot measure for the same amount in November of 2025.

Legal Debt Limits

Cities within Kansas are permitted to issue bonds in an aggregate amount not to exceed 30% of the total assessed valuation of the city. Bonds issued for the purpose of improving, acquiring, enlarging or extending municipal utilities, including storm sewers; bonds issued to pay the cost of improvements to intersections and streets in front of city or school district property; bonds for bridges as authorized by a vote of the electors of a city; bonds issued to refund outstanding bonds; and revenue bonds not payable from the general taxing authority of the city are not included in total aggregate debt for purposes of computing a city's debt limitation.

Future Debt

In an effort to expand its municipal water supply, the City anticipates building a pipeline to connect with another pipeline being constructed by the City of Hays to access water in Edwards County. The Cost of the City's pipeline has not yet been determined but could be in excess of \$10 million. The City is exploring a variety of funding sources for the project including state loans, federal loans, grants revenue bonds and general obligation bonds. The City recently implemented a new local sales tax to assist paying for the project, which could occur in 2-3 years.

Debt Payment Record

The City has always met principal and interest payments on all outstanding bonds when due and payable.

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Annual Debt Service Requirements

The following lists the total annual debt service on existing general obligation bonds and the Bonds. All amounts are rounded to the nearest whole dollar.

<u>Year</u>	<u>Existing Bonds</u>		<u>Series 2026-A Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2026	\$595,000	\$214,430			
2027	380,000	198,270			
2028	245,000	185,413			
2029	255,000	174,850			
2030	270,000	163,600			
2031	200,000	151,700			
2032	210,000	141,700			
2033	220,000	131,200			
2034	230,000	122,400			
2035	235,000	113,200			
2036	245,000	103,800			
2037	255,000	94,000			
2038	265,000	83,800			
2039	275,000	73,200			
2040	285,000	62,200			
2041	300,000	50,800			
2042	310,000	38,800			
2043	325,000	26,400			
2044	335,000	13,400			
2045	-	-			
2046	-	-			
	<u>\$5,435,000</u>	<u>\$2,143,163</u>			

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FINANCIAL INFORMATION

Assessed Valuation

The following table provides the November assessed valuation of all the taxable tangible property in the City for the years shown.

<u>Year</u>	<u>Real Property</u>	<u>Personal Property⁽¹⁾</u>	<u>Utilities</u>	<u>Oil & Gas</u>	<u>Motor Vehicles</u>	<u>Total Assessed Valuation</u>
2025	\$38,001,537	\$372,349	\$1,277,761	\$90,678	\$5,714,837 ⁽²⁾	\$45,457,162
2024	34,964,352	331,153	1,279,757	53,647	5,714,837	42,343,746
2023	33,447,329	371,183	1,213,915	72,727	5,260,513	40,365,667
2022 ⁽³⁾	31,349,803	360,442	1,181,925	59,672	5,009,937	37,961,779
2021	25,810,063	376,013	1,073,522	49,418	5,239,581	32,548,597
2020	26,590,612	383,704	1,116,003	44,861	5,105,258	33,240,438
2019	26,438,707	2,374,318	1,071,126	93,981	5,364,228	35,342,360
2018	25,793,573	2,509,832	1,028,347	92,450	5,157,893	34,582,095
2017	25,687,733	2,544,737	960,830	92,545	5,182,652	34,468,497
2016	25,556,264	2,560,174	1,011,232	120,955	5,309,980	34,558,605

⁽¹⁾In 2020, certain equipment related to the production of oil and gas was removed from the tax rolls.

⁽²⁾2025 figure not available. 2024 used as estimate.

⁽³⁾In 2021 a new appraiser was appointed in Russell County. The new appraiser has made a concerted effort to update the valuations for all property within the County to levels that are more consistent with actual market valuations after a number of years with minimal reappraisals.

Source: Russell County Clerk's Office

Estimated Actual Valuation

Based on appraised valuations provided by the County and assessment ratios according to Kansas Statutes, the following is a list of the estimated actual valuation of all taxable tangible property in the City for the years shown.

<u>Year</u>	<u>Estimated Actual Valuation</u>
2025	\$304,429,626
2024	281,028,103
2023	268,451,173
2022	254,722,958
2021	215,908,929
2020	216,511,424
2019	224,361,223
2018	219,774,798
2017	218,536,366
2016	218,293,873

Financial Statement Summary

The following is a summary of the combined revenues, expenditures, and fund balances for the City's General Fund for the last three years as shown in the City's Audited Financial Statements. This summary has not been prepared or reviewed by the City's auditor.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues:				
Property Taxes	\$1,159,171	\$1,003,440	\$994,499	\$1,061,302
Motor Vehicle Taxes	165,323	197,513	185,500	168,069
Neighborhood Revitalization Rebate	(27,784)	(23,392)	-20,643	-19,800
Sales Taxes	677,422	762,761	840,678	898,460
Intergovernmental Revenues	423,969	407,732	488,937	463,247
Licenses and Permits	203,628	253,888	289,894	287,847
Fines and Penalties	33,346	36,744	40,617	35,008
Use of Property	4,332	7,578	60,235	44,788
Miscellaneous	148,360	532,983	196,127	305,151
Operating Transfers	<u>770,000</u>	<u>770,000</u>	<u>770,000</u>	<u>780,000</u>
Total Revenues	\$3,557,767	\$3,949,247	\$3,845,844	\$4,024,072
Expenditures:				
General Government	\$413,602	\$383,634	\$362,980	\$378,166
Transportation	64,091	71,905	76,230	84,782
Public Safety	563,754	587,642	684,948	705,176
Public Works	50,364	52,500	55,224	80,239
Community Development	1,475,178	938,819	964,912	941,841
Street Department	369,865	392,208	335,174	353,949
Culture & Recreation	590,090	597,292	612,894	707,601
Miscellaneous	-	-	-	-
Operating Transfers	<u>443,861</u>	<u>983,356</u>	<u>739,942</u>	1,197,279
Total Expenditures	\$3,363,058	\$4,007,356	\$3,832,304	\$4,449,033
Revenues Over (Under) Expenditures	\$194,709	\$(58,109)	\$13,540	(\$424,961)
Fund Balance January 1	1,765,635	1,971,987	1,917,625	1,931,163
Prior Period Adjustment	<u>11,643</u>	<u>3,747</u>	-	937
Fund Balance December 31	\$1,971,987	\$1,917,625	\$1,931,165	\$1,507,139

Major Taxpayers

According to the Russell County Clerk's Office, the following are the largest taxpayers in the City based on their November 2025 assessed valuation:

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Assessed Valuation</u>	<u>% of Total Valuation</u>
Purified Ingredients LLC	Gluten Ethanol Plant	\$2,401,911	5.28%
Kansas Gas Service	Utility	825,327	1.82
Property 23678 LLC	Restaurant/Gas Station	359,396	0.79
Union Pacific Railroad	Railroad	353,551	0.78
Purina Animal Nutrition LLC	Animal Feed Plant	280,031	0.62
Radheshyam Hospitality LLC	Hotel	277,075	0.61
Wilson State Bank	Bank	264,678	0.58
Great Bend Cooperative Assoc.	Grain Elevator	259,387	0.57
ANZ LLC	Restaurant/Gas Station	232,698	0.51
Roshan & Siddhi Bhakta LLC	Hotel	<u>228,378</u>	<u>0.50</u>
		\$5,482,432	12.06%

Property Tax Collections

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are penalized at a statutorily prescribed rate until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale in July of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal property taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal property taxes are not paid in full by August 15, warrants are issued and placed in the hands of the sheriff for collection. On October 1, legal judgment is entered into and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered into.

Motor vehicle taxes are collected periodically throughout the year concurrently with the renewal of motor vehicle tags, and are based upon the value of such vehicles. Such tax receipts are distributed to all taxing subdivisions, including the State of Kansas, in proportion to the number of mills levied within each taxpayer’s tax levy unit.

The following table shows collections for property taxes levied by the City and collected through the County.

<u>Levy Year/ Budget Year</u>	<u>Taxes Levied</u>	<u>Ad Valorem</u>	<u>Ad Valorem % Collected</u>	<u>Delinquent</u>	<u>Total</u>	<u>Ad Valorem Delinquent % Collected</u>
2024 for 2025*	\$2,026,193	\$1,911,576	94.3%	\$24,075	\$1,935,651	95.5%
2023 for 2024	2,012,607	1,928,065	95.8	9,087	1,937,152	96.3
2022 for 2023	1,960,440	1,844,322	94.1	430	1,844,752	94.1
2021 for 2022	1,608,105	1,526,325	94.9	35,664	1,561,989	97.1
2020 for 2021	1,667,855	1,569,533	94.1	48,325	1,617,858	97.0
2019 for 2020	1,788,680	1,663,194	93.0	83,550	1,746,744	97.7
2018 for 2019	1,759,663	1,647,835	93.6	90,902	1,738,737	98.8
2017 for 2018	1,760,443	1,643,030	93.3	85,125	1,728,155	98.2
2016 for 2017	1,750,928	1,648,607	94.2	86,537	1,735,144	99.1
2015 for 2016	1,761,186	1,680,511	95.4	68,797	1,749,308	99.3

*Represents collections through mid-January of 2025. Significant additional collections will occur when second half of property taxes become due on May 20th.

Source: Russell County Treasurer’s Office

Overlapping Tax Levies

In addition to property taxes levied by the City, residents of the City are also subject to property tax levies of several overlapping jurisdictions. According to the Russell County Clerk’s Office, the following table provides the total property tax levy for property owners in the City during the last five years.

<u>Jurisdiction</u>	<u>2019 for 2020</u>	<u>2020 for 2021</u>	<u>2021 for 2022</u>	<u>2022 for 2023</u>	<u>2023 for 2024</u>	<u>2024 for 2025</u>
City of Russell	58.496	58.352	58.915	62.170	56.809	55.054
Russell County	81.387	83.447	83.451	75.848	75.822	76.534
U.S.D. No. 407	46.542	46.621	47.756	45.447	46.590	45.926
Recreation Commission	3.991	3.991	3.989	0.000	4.000	4.000
Midwest Ext. District	1.564	1.553	1.526	1.374	1.338	1.806
State of Kansas	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>	<u>1.500</u>
Total	193.93	195.464	197.137	186.339	186.059	184.82

Local Option Sales Tax

The State of Kansas is responsible for collection and distribution of all sales tax. Citywide local option sales taxes are distributed directly to the cities each month. Countywide local option taxes are distributed monthly by the State to the levying county which, in turn, distributes the taxes to all cities within the county based on population and relative property tax levies. In cases where the city has its own local option sales tax, it will receive its share of the countywide tax directly from the State. Statewide sales taxes are kept by the State and not distributed to local municipalities.

In 1988 voters in Russell County approved a one-percent (1% of total cost) sales tax on retail sales within the County limits (the "1988 Sales Tax"). In 2000 voters approved an additional one-half percent (.50% of total cost) dedicated sales tax for economic development (the "2000 Sales Tax"). In 2005 voters approved an additional one-half percent (.50% of total cost) dedicated sales tax for hospital bonds (the "2005 Sales Tax"). Revenue from the 2000 Sales Tax and the 2005 Sales Tax is retained entirely by the County and not shared with cities.

In 2024, voters in the City approved a 0.75% citywide local option sales tax for the purpose of improving and expanding the City's municipal water system. The tax was implemented April 1, 2025 (the "2025 Sales Tax"). The City retains 100% of the 2025 sales tax collections.

Applicable sales in the City are currently subject to the aforementioned local option sales taxes in the aggregate amount of 2.75% as well as a state sales tax of 6.50% (total tax rate of 9.25%). The following table provides the amount of local sales tax received by the City of Russell from the 1988 Sales Tax and the 2025 Sales Tax during the years indicated.

Year	City's Portion of 1988 Countywide Local Option Sales & Use Tax Receipts	Citywide 2025 Local Option Sales & Use Tax Receipts
2025	\$593,089	\$307,951*
2024	601,813	-
2023	569,264	-
2022	514,949	-
2021	467,401	-
2020	405,535	-
2019	452,897	-
2018	436,152	-
2017	399,733	-
2016	397,383	-

*Collections for the 2025 began in April of 2025 with the first receipts being received by the City in June.

Budgeting Procedures

Applicable Kansas statutes require that budgets be legally adopted for all funds (including debt service and enterprise funds) unless exempted by a specific statute. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide that the budget for the succeeding calendar year must be prepared on or before August 1 and published on or before August 5 of each year. A public hearing is required to be held on or before August 15, with the final budget being adopted on or before August 25 of each year. Original appropriations may be modified by supplemental appropriations and transfers among budget categories. The City Council must approve all significant changes.

Kansas law prohibits cities and other governmental units from creating indebtedness unless there is money on hand in the proper fund and unencumbered by previous commitments with which to pay the indebtedness. The execution of a contract, or the issuing of a purchase order, automatically encumbers the money in the fund for the payment of the amount represented by the commitment. It makes no difference that the amount may not have to be paid until more moneys are in the fund or until the following year. An exception to this cash basis law is the issuance of debt, in the form of bonds, notes, or warrants, pursuant to statutory authority, referendum or by the State Court of Tax Appeals. In the event debt is issued, funds need not be on hand for future payments.

Appraisal and Assessment Procedures

The determination of appraised and assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The Saline County appraiser annually determines the appraised valuation of property located in the City. The appraiser’s determination is based on a number of criteria established by Kansas’s statute. All property, with the exception of agricultural land, is appraised based on estimated fair market value. Agricultural property is appraised based on productivity value. Kansas statutes require that each parcel of real property be reviewed and inspected by the county appraiser once every four years for taxation purposes. Once appraised valuations have been determined, they are multiplied by the applicable statutory assessment rates to arrive at the assessed valuations. The total assessed valuation is then used to establish property tax rates.

Property Valuation Challenges. Taxpayers may challenge the appraised value of their property by paying property taxes under protest. Such challenges are subject to administrative and judicial review. Taxes paid under protest are distributed to taxing jurisdictions in the same manner as all other property tax collections. If a taxpayer’s challenge to the appraiser’s valuation is successful, the county is liable to refund the amount of property taxes attributable to the protested value that was previously paid under protest. The county will then withhold from future property tax distributions to other taxing jurisdictions an amount equal to the jurisdiction’s pro rata share of such refund. Any such withholdings from future property tax distributions may have a material adverse effect on the City’s financial situation.

Property Assessment Rates

In order to determine the assessed valuation of a parcel of property for taxation purposes, the county appraiser multiplies the appraised value of the parcel by the applicable assessment rate. Current property assessment rates were established in 1986, effective in 1989, and slightly modified in 1992. The most significant 1992 modifications involved lowering the assessment rate on commercial and industrial real property from 30% to 25% and on residential property from 12% to 11.5%. The following table shows the current assessment rates for the different classes of taxable tangible property within the State of Kansas.

<u>Real Property:</u>	
Residential	11.5%
Commercial and Industrial- Real Property	25.0
Agricultural Land (1)	30.0
Agricultural Improvements	25.0
Vacant Lots	12.0
Not-for-Profit (2)	12.0
All Other	30.0
<u>Personal Property (3):</u>	
Mobile Homes	11.5%
Mineral Leaseholds (large)	30.0
Mineral Leaseholds (small)	25.0
Commercial & Industrial Machinery & Equipment	25.0
All Other	30.0

Utilities:

Railroads	federally mandated rate
All Other Public Utilities	33.0%

Motor Vehicles:

20.0%

Property Exempt:

Property used for the following purposes, or portions thereof, are exempt from taxation provided certain statutory requirements are met: religious, educational, literary, scientific, benevolent, alumni associations, veterans' organizations, or charitable purposes, including parsonages and community service organizations providing humanitarian services.

- (1) Agricultural land is valued based on the productivity value of the property and not estimated market valuation.
- (2) A bill passed by the Kansas Legislature in 1994 clarified this class of property to include all property owned and operated by not-for-profit organizations not subject to federal income taxation pursuant to paragraphs (2), (3), (4), (7), (8), or (10) of Subsection C of Section 501 of the federal internal revenue code. This bill specifically established that private, not-for-profit country clubs would be assessed at 12% for all land that does not accommodate buildings or improvements.
- (3) The 2006 Kansas Legislature exempted from all property or ad valorem property taxes levied under the laws of the State, all commercial, industrial, telecommunications, and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business.

Equalization Ratios

Annually, the Property Valuation Division of the Kansas Department of Revenue conducts a study to compare the assessed valuation of real property to estimated market value based on property sale prices. The study derives an equalization ratio which, when divided into assessed valuation, provides a means to approximate actual market value. According to the 2024 Preliminary Kansas Appraisal/Sales Ratio Study the equalization ratio for real property in Russell County was 10.59% for residential property and 20.99% for commercial and industrial real property.

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APPENDIX B

Summary of Financing Documents

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APPENDIX B

SUMMARY OF FINANCING DOCUMENTS

The following is a summary of certain provisions contained in the Bond Resolution authorizing the issuance of the Bonds. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing document.

THE BOND RESOLUTION

DEFINITIONS

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used herein shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

“Act” means the Constitution and statutes of the State, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, and K.S.A. 12-1736 *et seq.*, all as amended and supplemented.

“Authorized Denomination” means \$5,000 or any integral multiples thereof.

“Beneficial Owner” of the Bonds includes any Owner of the Bonds and any other Person who, directly or indirectly has the investment power with respect to such Bonds.

“Bond and Interest Fund” means the Bond and Interest Fund of the Issuer for its general obligation bonds.

“Bond Counsel” means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.

“Bond Payment Date” means any date on which principal of or interest on any Bond is payable.

“Bond Register” means the books for the registration, transfer and exchange of Bonds kept at the office of the Bond Registrar.

“Bond Registrar” means the State Treasurer, and its successors and assigns.

“Bond Resolution” means collectively, the Ordinance passed by the governing body of the Issuer and the resolution adopted by the governing body of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

“Bonds” means the General Obligation Bonds, Series 2026-A, authorized and issued by the Issuer pursuant to the Bond Resolution.

“Business Day” means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“Cede & Co.” means Cede & Co., as nominee of DTC and any successor nominee of DTC with respect to the Bonds.

“City” means the City of Russell, Kansas.

“Clerk” means the duly appointed and acting Clerk of the Issuer or, in the Clerk's absence, the duly appointed Deputy, Assistant or Acting Clerk of the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder of the United States Department of the Treasury.

“Consulting Engineer” means an independent engineer or engineering firm, or architect or architectural firm, having a favorable reputation for skill and experience in the construction, financing and operation of public facilities, at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Consulting Engineer by the Bond Resolution.

“Costs of Issuance” means all costs of issuing the Bonds, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

“Costs of Issuance Account” means the account by that name created by the Bond Resolution.

“Dated Date” means March 17, 2026.

“Debt Service Account” means the account by that name created within the Bond and Interest Fund by the Bond Resolution.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

“Defaulted Interest” means interest on any Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

- (a) United States Government Obligations that are not subject to redemption in advance of their maturity dates;
- or
- (b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
- (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
 - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;
 - (3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;
 - (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
 - (5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
 - (6) such obligations are rated in a rating category by Moody's or Standard & Poor's that is no lower than the rating category then assigned by that Rating Agency to United States Government Obligations.

“Derivative” means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

“Disclosure Undertaking” means the Continuing Disclosure Undertaking, dated as of the Dated Date, relating to certain obligations contained in the SEC Rule.

“DTC” means The Depository Trust Company, New York, New York.

“Event of Default” means each of the following occurrences or events:

(a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise;

(b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Resolution (other than the covenants relating to continuing disclosure contained in the Bond Resolution and the Disclosure Undertaking) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

“Federal Tax Certificate” means the Issuer's Federal Tax Certificate for the Bonds, dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

“Financeable Costs” means the amount of expenditure for an Improvement which has been duly authorized by action of the governing body of the Issuer to be financed by general obligation bonds, less: (a) the amount of any temporary notes or general obligation bonds of the Issuer which are currently Outstanding and available to pay such Financeable Costs; and (b) any amount of Financeable Costs which has been previously paid by the Issuer or by any eligible source of funds unless such amounts are entitled to be reimbursed to the Issuer under State or federal law.

“Fiscal Year” means the twelve month period ending on December 31.

“Fitch” means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Funds and Accounts” means funds and accounts created by or referred to in the Bond Resolution.

“Improvement Fund” means the fund by that name created in the Bond Resolution.

“Improvements” means the improvements referred to in the preamble to the Ordinance and any Substitute Improvements.

“Independent Accountant” means an independent certified public accountant or firm of independent certified public accountants at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Independent Accountant by the Bond Resolution.

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Bond which shall be February 1 and August 1 of each year, commencing February 1, 2027.

“Issue Date” means the date when the Issuer delivers the Bonds to the Purchaser in exchange for the Purchase Price.

“Issuer” means the City and any successors or assigns.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and in the Bond Resolution provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

“Mayor” means the duly elected and acting Mayor of the Issuer, or in the Mayor's absence, the duly appointed and/or elected Vice Mayor or Acting Mayor of the Issuer.

“Moody's” means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Official Statement” means the Issuer’s Official Statement relating to the Bonds.

“Outstanding” means, when used with reference to the Bonds, as of a particular date of determination, all Bonds theretofore, authenticated and delivered, except the following Bonds:

- (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of the Bond Resolution; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

“Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register. Whenever consent of the Owners is required pursuant to the terms of the Bond Resolution, and the Owner of the Bonds, as set forth on the Bond Register, is Cede & Co., the term Owner shall be deemed to be the Beneficial Owner of the Bonds.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Paying Agent” means the State Treasurer, and any successors and assigns.

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

“Person” means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Purchaser” means the financial institution or investment banking firm that is original purchaser of the Bonds.

“Rating Agency” means any company, agency or entity that provides, pursuant to request of the Issuer, financial ratings for the Bonds.

“Record Dates” for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“Redemption Date” means, when used with respect to any Bond to be redeemed, the date fixed for the redemption of such Bond pursuant to the terms of the Bond Resolution.

“Redemption Price” means, when used with respect to any Bond to be redeemed, the price at which such Bond is to be redeemed pursuant to the terms of the Bond Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Replacement Bonds” means Bonds issued to the Beneficial Owners of the Bonds in accordance with the Bond Resolution.

“SEC Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

“Securities Depository” means, initially, DTC, and its successors and assigns.

“Special Record Date” means the date fixed by the Paying Agent for the payment of Defaulted Interest.

“Standard & Poor's” means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“State” means the state of Kansas.

“State Treasurer” means the duly elected Treasurer of the State or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the State.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Substitute Improvements” means the substitute or additional improvements of the Issuer described in the Bond Resolution.

[**“ ___ Term Bonds”** means the Bonds scheduled to mature in the year ____.]

“Treasurer” means the duly appointed and/or elected Treasurer of the Issuer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

ESTABLISHMENT OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF BOND PROCEEDS

Creation of Funds and Accounts. Simultaneously with the issuance of the Bonds, there shall be created within the Treasury of the Issuer the following Funds and Accounts:

- (a) Improvement Fund.
- (b) Debt Service Account (within the Bond and Interest Fund).
- (c) Costs of Issuance Account.

The above Funds and Accounts shall be administered in accordance with the provisions of the Bond Resolution so long as the Bonds are Outstanding.

Deposit of Bond Proceeds. The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as follows:

- (a) All accrued interest, if any, received from the sale of the Bonds shall be deposited in the Debt Service Account.
- (b) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.

(c) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Improvement Fund.

Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements; and (b) paying interest on the Bonds during construction of the Improvements. Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Mayor (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Mayor (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

Substitution of Improvements; Reallocation of Proceeds. The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Bonds provided the following conditions are met: (a) the Substitute Improvement and the issuance of general obligation bonds to pay the cost of the Substitute Improvement has been duly authorized by the governing body of the Issuer in accordance with the laws of the State; (b) a resolution authorizing the use of the proceeds of the Bonds to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the governing body of the Issuer pursuant to this Section; and (c) the use of the proceeds of the Bonds to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax status of the Bonds under State or federal law.

The Issuer may reallocate expenditure of Bond proceeds among all Improvements financed by the Bonds; provided the following conditions are met: (a) the reallocation is approved by the governing body of the Issuer; (b) the reallocation shall not cause the proceeds of the Bonds allocated to any Improvement to exceed the Financeable Costs of the Improvement; and (c) the reallocation will not adversely affect the tax status of the Bonds under State or federal law.

Application of Moneys in the Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys. Any moneys or investments remaining in the Debt Service Account after the retirement of the Bonds shall be transferred and paid into the Bond and Interest Fund.

Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be transferred to the Improvement Fund until completion of the Improvements and thereafter to the Debt Service Account.

DEPOSIT AND INVESTMENT OF MONEYS

Deposits. Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank which are members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law, and which meet certain guidelines of State law. All such deposits shall be held in cash or invested in Permitted Investments or shall be adequately secured as provided by the laws of the State.

Investments. Moneys held in any Fund or Account may be invested in accordance with the Bond Resolution and the Federal Tax Certificate, in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account; provided that, during the period of construction of the Improvements, earnings on the investment of such funds shall be credited to the Debt Service Account.

DEFAULT AND REMEDIES

Remedies. The provisions of the Bond Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer and the Owners of the Bonds. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Resolution or by the Constitution and laws of the State;
- (b) by suit, action or other proceedings in equity or at law to require the Issuer, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained in the Bond Resolution and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds of any series shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Resolution, or to enforce any right, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon.

DEFEASANCE

When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Resolution and all other rights granted thereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until: (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption.

TAX COVENANTS

General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Issuer will take such actions as may be necessary

to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Survival of Covenants. The covenants contained in the Bond Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds or any other provision of the Bond Resolution until such time as is set forth in the Federal Tax Certificate.

CONTINUING DISCLOSURE REQUIREMENTS

Disclosure Requirements. The Issuer covenants in the Bond Resolution with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Undertaking and to make the provisions of the Disclosure Undertaking applicable to the Bonds. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its continuing disclosure covenants contained in the Bond Resolution, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. Notwithstanding any other provision of the Bond Resolution, failure of the Issuer to comply with its continuing disclosure covenants contained in the Bond Resolution shall not be considered an Event of Default under the Bond Resolution.

PROVISIONS RELATING TO THE BOND INSURANCE POLICY

Provisions relating to the Bond Insurance Policy will be included and updated if the Bonds are purchased with such a policy.

MISCELLANEOUS PROVISIONS

Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such annual audit, a copy thereof shall be filed in the office of the Clerk. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent. If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall: (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond; (c) permit preference or priority of any Bond over any other Bond; or (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution.

Any provision of the Bonds or of the Bond Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the Issuer at any time in any legal respect with the written consent of the Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more precisely identify the Improvements, to reallocate proceeds of the Bonds among Improvements, to provide for Substitute Improvements, to conform the Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Bond Resolution shall be in writing, and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent. All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

Electronic Transactions. The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Severability. If any section or other part of the Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of the Bond Resolution.

Governing Law. The Bonds and the Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

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APPENDIX C

Continuing Disclosure Undertaking

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APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of March 17, 2026 (the “Continuing Disclosure Undertaking”), is executed and delivered by **THE CITY OF RUSSELL, KANSAS** (the “Issuer”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2026-A (the “Bonds”), pursuant to an Ordinance and Resolution adopted by the governing body of the Issuer (collectively the “Bond Resolution”).

2. The Issuer is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). The Issuer is the only “obligated person” with responsibility for continuing disclosure hereunder.

The Issuer covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking, which may include the Issuer's Annual Comprehensive Financial Report, if any, so long as the Annual Comprehensive Financial Report contains the financial information and operating data described in **Section 2(a)(1)** and **(2)**.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**Dissemination Agent**” means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the Issuer a written acceptance of such designation.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Financial Obligation**” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation;

or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Fiscal Year**” means the 12-month period beginning on January 1 and ending on December 31 or any other 12-month period selected by the Issuer as the Fiscal Year of the Issuer for financial reporting purposes.

“**Material Events**” means any of the events listed in *Section 3* of this Continuing Disclosure Undertaking.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Participating Underwriter**” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Section 2. Provision of Annual Reports.

(a) The Issuer shall, not later than the first day of the tenth month after the end of the Issuer’s Fiscal Year, commencing with the year ending December 31, 2025, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

(1) The audited financial statements of the Issuer for the prior Fiscal Year, in substantially the format contained in the Official Statement relating to the Bonds. A more detailed explanation of the accounting basis and method of preparation of the financial statements is contained in the Official Statement relating to the Bonds. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in *Exhibit A*, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the Issuer.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as

for a Material Event under **Section 3**, and the Annual Report deadline provided above shall automatically become the first day of the tenth month after the end of the Issuer's new Fiscal Year.

(b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than 10 Business Days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("Material Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds,

the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the Issuer shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Bond Resolution or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Bond Resolution or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

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EXHIBIT A

**FINANCIAL INFORMATION AND OPERATING DATA
TO BE INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in tables in the following sections contained in ***Appendix A*** of the final Official Statement relating to the Bonds:

DEBT STRUCTURE

- Current Indebtedness*
- Lease Purchase Obligations*
- Temporary Notes*
- State Loans*
- Overlapping Debt

FINANCIAL INFORMATION

- Assessed Valuation
- Major Taxpayers
- Property Tax Collections
- Overlapping Tax Levies

* This Operating Data is also available in the Issuer's financial information portion of its Annual Report.

APPENDIX D

Financial Statements

The following is a portion of the report on examination of the City of Russell, Kansas for the fiscal year ended December 31, 2024 prepared by the firm of Lindburg Vogel Pierce Faris, Certified Public Accountants, Russell, Kansas.

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CITY OF RUSSELL, KANSAS

DECEMBER 31, 2024



CITY OF RUSSELL, KANSAS

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December 31, 2024

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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, 2024, 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, 2024, 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, 2024, 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 2024 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 2024 basic financial statement; however, they are required to be presented under the provisions in the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statement of the City. Such 2024 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 2024 basic financial statement. The 2024 information has been subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 2024 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, 2023, not presented herein, and have issued our report thereon dated June 16, 2022, which contained an unmodified opinion on the regulatory basis basic financial statement. The 2023 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/accounts-reports/local-government/municipal-services>. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2024 (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 2023 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 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 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, 2023, 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 September 2, 2025, 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 cursive script that reads "Lindburg Vogel Pierce Faris". The signature is written in black ink on a white background.

Certified Public Accountants

Hutchinson, Kansas
September 2, 2025

CITY OF RUSSELL, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
For Year Ended December 31, 2024

Page 1 of 3

Funds	Unencumbered Cash Balance 01/01/24	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance 12/31/24	Add Encumbrances and Accounts Payable	Cash Balance 12/31/24
GENERAL FUND	\$ 1,931,163	\$ 937	\$ 4,024,072	\$ 4,449,033	\$ 1,507,139	\$ 107,731	\$ 1,614,870
SPECIAL PURPOSE FUNDS							
Airport	164,762	-	26,124	108,894	81,992	94	82,086
Industrial	111,711	-	41,742	29,353	124,100	238	124,338
Special Highway	180,978	1,300	214,180	144,517	251,941	15,364	267,305
Library	-	-	172,889	166,900	5,989	-	5,989
Fire Equipment	54,963	-	103,224	57,366	100,821	21,317	122,138
Recreation	-	-	158,800	154,295	4,505	-	4,505
Personnel Benefits	386,168	-	2,430,689	2,203,836	613,021	10,451	623,472
Special Parks and Recreation	32,130	-	17,750	16,371	33,509	-	33,509
Tourism & Convention	-	-	62,768	1,250	61,518	-	61,518
24-7 Travel Store CID	-	-	46,961	40,000	6,961	-	6,961
24-7 Travel Store TIF	-	-	-	-	-	-	-
Capital Improvements	(150,243)	1,351	1,462,508	1,311,537	2,079	1,099,144	1,101,223
Equipment Reserve	213,485	30	440,667	313,883	340,299	248,153	588,452
Risk Management Reserve	6,870	-	133	362	6,641	-	6,641
TOTAL SPECIAL PURPOSE FUNDS	1,000,824	2,681	5,178,435	4,548,564	1,633,376	1,394,761	3,028,137
BOND AND INTEREST FUND							
Bond and Interest	114,958	-	539,287	537,252	116,993	-	116,993
TRUST FUNDS							
Johnson Trust	982,450	-	306,412	122,997	1,165,865	-	1,165,865
Deines Center Trust	20,173	-	395	-	20,568	-	20,568
Health Insurance Trust	165,791	-	1,362,660	1,285,350	243,101	-	243,101
Donation	12,718	-	1,150	1,906	11,962	-	11,962
TOTAL TRUST FUNDS	1,181,132	-	1,670,617	1,410,253	1,441,496	-	1,441,496

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, 2024

Funds	Unencumbered Cash Balance 01/01/24	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance 12/31/24	Add Encumbrances and Accounts Payable	Cash Balance 12/31/24
CAPITAL PROJECT FUNDS							
Historic Park Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Holland Hotel Improvement Project	917,544	-	146,719	329,137	735,126	-	735,126
Airport Improvement Fund	-	-	489,022	535,527	(46,505)	33,763	(12,742)
TOTAL CAPITAL PROJECT FUNDS	917,544	-	635,741	864,664	688,621	33,763	722,384
BUSINESS FUNDS							
Electric	5,354,005	22,137	11,282,440	11,118,974	5,539,608	360,584	5,900,192
Electric Reserve	2,130,701	-	7,225,542	1,185,554	8,170,689	2,203,858	10,374,547
Water	2,324,475	5,830	3,737,076	4,025,622	2,041,759	93,866	2,135,625
Water Reserve	(396,826)	4,328	1,242,805	209,658	640,649	430,982	1,071,631
Wastewater	453,487	5,910	1,014,587	1,007,585	466,399	9,264	475,663
Wastewater Reserve	894,876	-	221,736	134,322	982,290	-	982,290
Sanitation	477,251	282	862,558	940,356	399,735	25,110	424,845
Sanitation Reserve	253,755	-	60,219	75,011	238,963	-	238,963
TOTAL BUSINESS FUNDS	11,491,724	38,487	25,646,963	18,697,082	18,480,092	3,123,664	21,603,756
RELATED MUNICIPAL ENTITIES							
Russell Recreation Commission	83,578	-	312,702	297,238	99,042	1,192	100,234
TOTAL FINANCIAL REPORTING ENTITY (Excluding Agency Funds)							
	<u>\$ 16,720,923</u>	<u>\$ 42,105</u>	<u>\$ 38,007,817</u>	<u>\$ 30,804,086</u>	<u>\$ 23,966,759</u>	<u>\$ 4,661,111</u>	<u>\$ 28,627,870</u>

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, 2024

Page 3 of 3

COMPOSITION OF CASH

Cash on hand	\$ 500
Checking account	8,641,318
KMEA deposit	64,428
Money Market and Certificates of deposit	13,647,166
Treasury Fund - Daily	3,062
Kansas Municipal Investment Pool	6,257,054
Total Related Municipal Entities	<u>100,234</u>
 TOTAL CASH	 28,713,762
 AGENCY FUNDS (Schedule 3)	 <u>(85,892)</u>
 TOTAL REPORTING ENTITY	 <u><u>\$ 28,627,870</u></u>

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

CITY OF RUSSELL, KANSAS
 NOTES TO THE FINANCIAL STATEMENT
 December 31, 2024

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 Public 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 municipality is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The municipality did not hold a revenue neutral rate hearing for 2024.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Information (Continued)

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 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 Reserve, Water Reserve, Sanitation Reserve, and Wastewater Reserve.

Spending 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 to 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes

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

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

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

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

K.S.A. 10-113 requires no indebtedness be created for a fund in excess of available monies in that fund. The City encumbered project costs for the Airport Grading and PAPI's/Beacon Project in 2024 creating a deficit unencumbered cash balance of \$46,505 in the Airport Improvement Fund. There was a deficit cash balance of \$12,742. The fund will be reimbursed for the costs from the Federal Aviation Administration AIP Grant Funds in 2025. There is a delay in timing of when payments are made and reimbursements are deposited.

On July 16, 2024, the City intended to amend the Bond and Interest Fund (Debt Service), the 24-7 Travel Store CID Fund, and the Tourism & Convention Fund budgets for the year ended December 31, 2024. The notice of public hearing for the budget amendment was published in the newspaper on July 4, 2024. After review, it is apparent that the remainder of the amendment process was never put on the agenda for council therefore, the 2024 budget amendment was never properly processed. This, in turn, has caused these funds to violate the budget law, K.S.A. 79-2935.

NOTE 3—DEPOSITS AND INVESTMENTS

As of December 31, 2024, the City had the following investments and maturities:

Investment Type	Cost	Investment Maturities (in Years)		Rating U.S.
		Less than 1	1-2	
Treasury Fund - Daily	\$ 3,062	\$ 3,062	\$ -	N/A
Kansas Municipal Investment Pool	6,257,054	6,257,054	-	N/A
	<u>\$ 6,260,116</u>	<u>\$ 6,260,116</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.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's investment policy does provide for an investment limitation of 55% per financial institution. The City's policy states that the KMIP is not to be considered as a financial institution. The City's allocation of investments as of December 31, 2024, is as follows:

Investments	Percentage of Investments
Treasury Fund - Daily	1%
Kansas Municipal Investment Pool	99%

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 2024, the City did not enter into any peak depository agreements. All deposits were legally secured at December 31, 2024.

NOTE 3—DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits (continued)

At December 31, 2024, the City's carrying amount of deposits was \$22,288,484 and the bank balance was \$22,962,927. The bank balance was held by four banks, which did not result in a concentration of credit risk. Of the bank balance, \$4,934,000 was covered by the Federal Deposit Insurance Corporation and \$18,028,927 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2024, the Recreation Commission's carrying amount of deposits was \$100,234 and the bank balance was \$119,145. The bank balance was held by one bank. Of the bank balance, all was covered by federal depository insurance.

Custodial Credit Risk – Investments

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

At December 31, 2024, the City had invested \$3,062 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, 2024, the City had invested \$6,257,054 in the Kansas Municipal Investment Pool (KMIP). KMIP is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligation of, or obligations that are insured as to principal and interest, by the U.S. Government or any agency thereof, with maturities up to four years. No more than 10% of those funds may be invested in mortgage-backed securities. In addition, KMIP may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

NOTE 4—LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2024, 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	\$ 510,000	\$ -	\$ 70,000	\$ 440,000	\$ 13,538
Series 2020-A	1.55-1.85%	03/10/20	2,601,000	08/01/27	1,235,000	-	355,000	880,000	21,765
Series 2024-A	4.00-5.00%	03/14/24	4,700,000	08/01/44	-	4,700,000	-	4,700,000	76,948
Revolving Loans									
KPWS Loan Fund - 2731	2.42%	01/09/12	350,099	02/01/33	181,084	-	17,172	163,912	4,279
KPWS Loan Fund - 2791	2.23%	11/08/12	1,223,635	02/01/34	730,715	-	59,311	671,404	15,966
KPWS Loan Fund - 3057	1.30%	02/25/21	4,570,000	08/01/42	3,789,103	333,737	210,751	3,912,089	49,477
KWPRF Loan Fund - C20 2052 01	2.54%	12/20/18	3,391,670	03/01/43	3,349,181	-	130,524	3,218,657	84,083
Lease Purchase Agreements									
Community First National Bank	3.174%	12/09/19	385,497	12/09/31	272,684	-	30,476	242,208	8,655
					<u>\$ 10,067,767</u>	<u>\$ 5,033,737</u>	<u>\$ 873,234</u>	<u>\$ 14,228,270</u>	<u>\$ 274,711</u>

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:

Issue	2025	2026	2027	2028	2029	2030-2034	2035-2039	2040-2044	Total
PRINCIPAL									
General Obligation Bonds									
Series 2015-A	\$ 70,000	\$ 70,000	\$ 70,000	\$ 75,000	\$ 75,000	\$ 80,000	\$ -	\$ -	\$ 440,000
Series 2020-A	365,000	370,000	145,000	-	-	-	-	-	880,000
Series 2024-A	150,000	155,000	165,000	170,000	180,000	1,050,000	1,275,000	1,555,000	4,700,000
Revolving Loans									
KPWS Loan Fund - 2731	17,591	18,018	18,457	18,906	19,367	71,573	-	-	163,912
KPWS Loan Fund - 2791	60,641	62,000	63,391	64,812	66,266	354,295	-	-	671,405
KPWS Loan Fund - 3057	204,099	206,761	209,457	212,189	214,956	1,117,574	1,192,378	554,675	3,912,089
KWPRF Loan Fund - C20 2052 01	133,698	137,115	140,620	144,215	147,901	798,183	905,546	811,379	3,218,656
Lease Purchase Agreements									
Community First National Bank	31,444	32,441	33,471	34,534	35,630	74,688	-	-	242,208
TOTAL PRINCIPAL	\$ 1,032,473	\$ 1,051,335	\$ 845,396	\$ 719,655	\$ 739,120	\$ 3,546,312	\$ 3,372,924	\$ 2,921,054	\$ 14,228,270
INTEREST									
General Obligation Bonds									
Series 2015-A	\$ 12,138	\$ 10,388	\$ 8,638	\$ 6,713	\$ 4,650	\$ 2,400	\$ -	\$ -	\$ 44,927
Series 2020-A	15,730	9,343	2,683	-	-	-	-	-	27,756
Series 2024-A	202,200	194,700	186,950	178,700	170,200	708,200	468,000	191,600	2,300,550
Revolving Loans									
KPWS Loan Fund - 2731	3,861	3,433	2,994	2,545	2,084	3,506	-	-	18,423
KPWS Loan Fund - 2791	14,636	13,276	11,886	10,464	9,011	22,088	-	-	81,361
KPWS Loan Fund - 3057	56,130	53,468	50,771	48,039	45,272	183,569	108,764	21,812	567,825
KWPRF Loan Fund - C20 2052 01	80,910	77,493	73,988	70,393	66,707	274,858	167,495	47,053	858,897
Lease Purchase Agreements									
Community First National Bank	7,688	6,690	5,660	4,598	3,501	3,574	-	-	31,711
TOTAL INTEREST	\$ 393,293	\$ 368,791	\$ 343,570	\$ 321,452	\$ 301,425	\$ 1,198,195	\$ 744,259	\$ 260,465	\$ 3,931,450

The City of Russell provided the prior year Annual Audit Report to EMMA (Electronic Municipal Market Access) on a timely basis as agreed.

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 6.00% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were \$433,468 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was \$4,205,061. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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 nonemployees 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.

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

Death and Disability other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in 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, 2024.

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 carry over 160 hours of vacation on their anniversary each year.

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

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

The City of Russell participates in a Sick Leave Buy-Back Program. The objective is to purchase sick leave from full-time employees based upon the number of hours used for sick leave from the previous calendar year dated December 1 to November 30. Compensation received through participation in the Sick Leave Buy-Back Program is taxable and applicable to Medicare and Social Security deductions. Compensation received through this program by employees hired prior to July 1, 1993, will also be subject to Kansas Public Employees Retirement System deductions. The gross amount of compensation will be included with total wages for reporting on Federal and State Forms.

Compensatory time is compensation for nonexempt employees that have worked overtime. Compensatory time is paid at the rate of one and one-half times the hours of overtime worked. Compensatory time shall only accrue to a maximum of 40 hours. When 40 hours have been accrued, all overtime hours worked will be paid at the normal overtime rate of pay.

Upon termination of employment or transfer to another position, all accrued compensatory time will be paid to the employee at the final regular rate of pay.

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 the 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 compensatory time liability at December 31, 2024, is \$250,540, \$121,460, and \$6,662, 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, 2024.

NOTE 7—INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund	To Fund	Authority	Amount
General	Industrial Development	K.S.A. 12-197	\$ 30,091
General	Capital Improvement	K.S.A. 12-1,118	686,919
General	Equipment Reserve	K.S.A. 12-1,117	390,272
General	Special Highway	K.S.A. 12-1,119	90,272
General	Airport	K.S.A. 12-197	63
Electric	General	K.S.A. 12-825d	450,000
Electric	Personnel Benefits	K.S.A. 12-825d	670,000
Electric	Electric Reserve	K.S.A. 12-825d	2,000,000
Electric	Bond and Interest	K.S.A. 12-825d	76,948
Water	Personnel Benefits	K.S.A. 12-825d	401,348
Water	Bond and Interest	K.S.A. 12-825d	460,303
Water	General	K.S.A. 12-825d	120,000
Water	Water Reserve	K.S.A. 12-825d	900,000
Wastewater	General	K.S.A. 12-825d	110,000
Wastewater	Personnel Benefits	K.S.A. 12-825d	109,700
Wastewater	Wastewater Reserve	K.S.A. 12-631o	200,000
Sanitation	General	K.S.A. 12-825d	100,000
Sanitation	Personnel Benefits	K.S.A. 12-825d	192,273
Sanitation	Sanitation Reserve	K.S.A. 12-825d	50,000
Airport	Airport Improvement	K.S.A. 12-1,118	80,840

NOTE 8—RISK MANAGEMENT

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 2024, 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 \$22,688 in 2024, for their share of the net expenses. In 2023, the City paid \$18,475 for their share of the 2022 net expenses.

NOTE 10—CAPITAL PROJECTS

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

	Project Authorization	Expenditures thru 12/31/24
Water Plant A Rehabilitation	\$ 4,905,499	\$ 4,387,093
East Residential 1 & 2 Electrical Circuits Rebuild	\$ 3,609,534	\$ 2,101,069
North Residential 1 & 2 Electrical Circuits Rebuild	\$ 3,005,510	\$ 52,537
Airport Runway Grading	\$ 450,200	\$ 396,385
Airport PAPI's & Beacon Project	\$ 358,200	\$ 98,800
15 MW CAT Generation Project	\$ 14,992,000	\$ -
LED Lighting Replacement	\$ 122,783	\$ -
North Fossil Reconstruction	\$ 2,500,000	\$ -
Main Street Revitalization	\$ 13,501,000	\$ 215,000

NOTE 11—RELATED PARTY TRANSACTIONS

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

NOTE 12—SUPPLEMENTAL INFORMATION

On February 20, 2024, the City Council authorized the issuance of \$4,700,000 General Obligation Bonds, Series 2024-A for electric generation improvement. On March 14, 2024, the General Obligation Bond Series 2024A was issued.

In May 2024, the Council approved Resolution 20-24 waiving all payments of the Russell Housing Authority for payments in lieu of taxes for calendar years 2023 through 2027 as to allow the continued operation and invest in improvements and repairs necessary to continue to provide quality low-cost housing within our community.

In July 2024, City Council passed Ordinance No. 2008 authorizing the Issuer (City of Russell) to issue its Taxable Industrial Revenue Bonds, Series 2024 (24/7/Travel Store Project) in the aggregate principal amount of \$7,157,951 (the "Series 2024 Bonds"), for the purpose of paying the costs of the acquisition, construction, and equipping of a travel store facility (the "Project"), as more fully described in the Bond Agreement, the Site Lease and the Project Lease authorized by the Ordinance. The Issuer shall not be under any obligation to perform any record-keeping or to provide any legal services, it being understood that such services shall be performed or provided either by the Tenant, the Trustee, or the Owner; and (c) that none of the provisions of this Project Lease shall require the Issuer to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

NOTE 12—SUPPLEMENTAL INFORMATION (CONTINUED)

In September 2024, City Council passed Ordinance No. 2013 Amending Sewer utility regulations and updating rates.

In December 2024, the Council passed Charter Ordinance 22 providing for the levy of a 0.75% retailer's sales tax in the City of Russell, Kansas commencing April 1, 2025. This sales tax will provide revenue for Water department expenditures as listed in the ordinance.

In December 2024, the Council approved Resolution 37-24 updating Employee Rate Schedules.

NOTE 13—COMMITMENTS AND CONTINGENCIES

Grant Program Involvement

The City participates in federal, state, and City programs that are fully or partially funded by grants received from other governmental units. These grants are subject to grantor audit or review, the purpose of which is to ensure compliance with specific conditions of the grant. Any liability for reimbursement that may arise as a result of audit or review cannot be reasonably determined at this time; however, it is believed that the amount, if any, would not be material.

Litigation

During the ordinary course of its operations, the City is a party to various claims, legal actions, and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material impact on the City.

Neighborhood Revitalization Program

The City participates in a neighborhood revitalization program as allowed by K.S.A. 12-17,114 et seq. Under the program, participants are provided a rebate of ad valorem taxes paid, based on the increase in assessed valuation attributable to improvements made by the taxpayer after being approved for participation in the neighborhood revitalization program. For the year ended December 31, 2024, the City's share of tax rebates totaled \$40,127.

CITY OF RUSSELL, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2024

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credit	Total Budget for Comparison	Expenditures Chargeable to Current Year Budget	Over (Under) Budget
GENERAL FUND	\$ 5,342,284	\$ -	\$ 5,342,284	\$ 4,449,033	\$ (893,251)
SPECIAL PURPOSE FUNDS					
Airport	114,183	-	114,183	108,894	(5,289)
Industrial	108,650	-	108,650	29,353	(79,297)
Special Highway	200,894	-	200,894	144,517	(56,377)
Library	166,900	-	166,900	166,900	-
Fire Equipment	71,555	-	71,555	57,366	(14,189)
Recreation	154,295	-	154,295	154,295	-
Personnel Benefits	2,458,900	-	2,458,900	2,203,836	(255,064)
Special Parks and Recreation	20,467	-	20,467	16,371	(4,096)
Tourism & Convention	-	-	-	1,250	1,250
24-7 Travel Store CID	-	-	-	40,000	40,000
24-7 Travel Store TIF	-	-	-	-	-
BOND AND INTEREST FUND					
Bond and Interest	460,303	-	460,303	537,252	76,949
BUSINESS FUNDS					
Electric	13,416,433	-	13,416,433	11,118,974	(2,297,459)
Water	4,308,148	-	4,308,148	4,025,622	(282,526)
Wastewater	1,352,919	-	1,352,919	1,007,585	(345,334)
Sanitation	1,178,509	-	1,178,509	940,356	(238,153)
RELATED MUNICIPAL ENTITY					
Russell Recreation Commission	294,900	23,205	318,105	297,238	(20,867)

CITY OF RUSSELL, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-1
 Page 1 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 964,397	\$ 1,017,726	\$ 1,056,656	\$ (38,930)
Delinquent	30,102	43,576	25,000	18,576
Motor vehicle	178,509	162,530	105,932	56,598
Recreational vehicle	3,227	3,093	4,546	(1,453)
16/20M vehicle	3,764	2,446	2,590	(144)
Neighborhood revitalization rebate	(20,643)	(19,800)	(17,550)	(2,250)
County sales	271,414	296,647	225,000	71,647
Local sales	569,264	601,813	475,000	126,813
Total taxes	2,000,034	2,108,031	1,877,174	230,857
Intergovernmental				
Liquor tax	16,727	14,934	17,739	(2,805)
State Highway Connecting Links	43,400	43,440	43,000	440
State of Kansas KDOT Grant	61,151	64,709	60,000	4,709
Federal and state FEMA	21,183	-	-	-
USD 407 SRO reimbursement	22,353	30,635	-	30,635
County 911 reimbursement	324,123	309,529	315,955	(6,426)
Total intergovernmental	488,937	463,247	436,694	26,553
Licenses and permits				
Franchise tax	257,315	186,217	180,000	6,217
Licenses	22,918	43,363	19,900	23,463
Permits	9,661	58,267	6,500	51,767
Total licenses and permits	289,894	287,847	206,400	81,447
Fines and forfeitures				
Fines and court fees	40,617	35,008	30,000	5,008
Uses of money and property				
Interest earned	59,762	44,342	10,000	34,342
Royalties	473	446	250	196
Total uses of money and property	60,235	44,788	10,250	34,538
Miscellaneous revenue				
Weed abatement fees	4,072	2,911	2,000	911
General transportation fares	14,295	13,253	12,000	1,253
Golf course fees - membership	110,745	104,561	70,000	34,561
Cemetery receipts	12,105	14,738	9,750	4,988
Reimbursed expense	7,365	122,329	48,711	73,618
Impound fees	2,936	1,880	1,500	380
Swimming pool	27,759	26,565	23,000	3,565
TGT admin fees	-	1,250	-	1,250
Other grants	-	1,000	-	1,000
Miscellaneous receipts	16,850	16,664	15,000	1,664
Total miscellaneous revenue	196,127	305,151	181,961	123,190
Operating transfers	770,000	780,000	780,000	-
TOTAL RECEIPTS	3,845,844	4,024,072	\$ 3,522,479	\$ 501,593

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2024

(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-1
Page 2 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES				
Mayor/Council/Admin	\$ 92,006	\$ 143,348	\$ 141,980	\$ 1,368
City Manager	173,128	159,112	151,770	7,342
City Clerk	97,846	75,706	83,112	(7,406)
Transportation	76,230	84,782	79,217	5,565
Police department	684,948	705,176	709,455	(4,279)
Public works, inspection	55,224	80,239	85,131	(4,892)
Fire department	181,174	191,128	197,352	(6,224)
Municipal Court	51,137	66,908	82,814	(15,906)
911 dispatch	533,241	493,479	526,591	(33,112)
Building, planning, and zoning	199,360	190,326	207,973	(17,647)
Street department	335,174	353,949	341,174	12,775
Golf course	204,392	203,079	223,841	(20,762)
Swimming pool	77,939	93,231	104,947	(11,716)
Park department	263,341	298,680	308,625	(9,945)
Deines Cultural Center	61,415	107,531	67,202	40,329
Armory	5,807	5,080	11,000	(5,920)
Capital improvements	-	-	-	-
Operating transfers	739,942	1,197,279	2,020,100	(822,821)
TOTAL EXPENDITURES	<u>3,832,304</u>	<u>4,449,033</u>	<u>\$ 5,342,284</u>	<u>\$ (893,251)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	13,540	(424,961)		
UNENCUMBERED CASH, BEGINNING	1,917,623	1,931,163		
PRIOR YEAR CANCELLED ENCUMBRANCES	-	937		
UNENCUMBERED CASH, ENDING	<u>\$ 1,931,163</u>	<u>\$ 1,507,139</u>		

CITY OF RUSSELL, KANSAS

AIRPORT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 31,314	\$ 638	\$ -	\$ 638
Delinquent	904	1,238	-	1,238
Motor vehicle	4,783	5,154	-	5,154
Recreational vehicle	86	98	-	98
16/20M vehicle	90	66	-	66
Neighborhood revitalization rebate	(671)	-	-	-
Rental	8,640	4,034	5,000	(966)
Fuel sales	16,202	11,230	15,000	(3,770)
Interest income	3,884	3,106	1,000	2,106
Grants	22,000	-	-	-
Miscellaneous	85	497	-	497
Operating transfers	94	63	100	(37)
TOTAL RECEIPTS	87,411	26,124	\$ 21,100	\$ 5,024
EXPENDITURES				
Telephone	333	344	\$ 400	\$ (56)
Insurance	8,568	8,509	8,750	(241)
Dues and subscriptions	322	65	150	(85)
Training and travel	-	-	350	(350)
Professional services	2,954	604	1,800	(1,196)
Printing and advertising	-	-	100	(100)
Operating supplies	-	33	250	(217)
Repairs and maintenance	2,690	1,288	2,500	(1,212)
Fuel for resale	14,429	14,318	28,000	(13,682)
Sales tax expense	1,261	874	2,500	(1,626)
Credit card fees	2,594	1,981	3,000	(1,019)
Office supplies	23	38	100	(62)
Capital improvement	7,152	-	26,283	(26,283)
Transfer to - Airport Improvement	-	80,840	40,000	40,840
TOTAL EXPENDITURES	40,326	108,894	\$ 114,183	\$ (5,289)
RECEIPTS OVER (UNDER) EXPENDITURES	47,085	(82,770)		
UNENCUMBERED CASH, BEGINNING	116,262	164,762		
PRIOR YEAR CANCELLED ENCUMBRANCES	1,415	-		
UNENCUMBERED CASH, ENDING	\$ 164,762	\$ 81,992		

CITY OF RUSSELL, KANSAS
 INDUSTRIAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 31,283	\$ 3,065	\$ 2,600	\$ 465
Delinquent	591	733	200	533
Motor vehicle	4,783	5,150	3,327	1,823
Recreational vehicle	86	98	142	(44)
16/20M vehicle	11	66	81	(15)
Neighborhood revitalization rebate	(670)	(48)	(43)	(5)
Grants	-	-	-	-
Interest income	2,693	2,179	1,000	1,179
Reimbursed expense	5,000	200	-	200
Admin fees	-	208	-	208
Operating transfers	39,848	30,091	23,750	6,341
TOTAL RECEIPTS	83,625	41,742	\$ 31,057	\$ 10,685
EXPENDITURES				
Dues, subscriptions, and licenses	2,000	38	\$ 1,650	\$ (1,612)
Postage	-	30	-	30
Professional fees	17,400	-	10,000	(10,000)
Printing and advertising	15,525	5,657	10,000	(4,343)
Economic development incentive	-	1,628	40,000	(38,372)
Economic development	25,000	22,000	47,000	(25,000)
TOTAL EXPENDITURES	59,925	29,353	\$ 108,650	\$ (79,297)
RECEIPTS OVER (UNDER) EXPENDITURES	23,700	12,389		
UNENCUMBERED CASH, BEGINNING	88,011	111,711		
UNENCUMBERED CASH, ENDING	\$ 111,711	\$ 124,100		

CITY OF RUSSELL, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2024
(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-4

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Fuel tax	\$ 118,157	\$ 118,961	\$ 119,680	\$ (719)
Interest income	5,045	4,947	500	4,447
Transfers	-	90,272	71,250	19,022
TOTAL RECEIPTS	<u>123,202</u>	<u>214,180</u>	<u>\$ 191,430</u>	<u>\$ 22,750</u>
EXPENDITURES				
Street materials	65,960	54,251	\$ 103,597	\$ (49,346)
Professional services	60,000	10,290	89,244	(78,954)
Operating supplies	-	-	-	-
Capital outlay	-	79,976	8,053	71,923
TOTAL EXPENDITURES	<u>125,960</u>	<u>144,517</u>	<u>\$ 200,894</u>	<u>\$ (56,377)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(2,758)	69,663		
UNENCUMBERED CASH, BEGINNING	24,543	180,978		
PRIOR YEAR CANCELLED ENCUMBRANCES	<u>159,193</u>	<u>1,300</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 180,978</u>	<u>\$ 251,941</u>		

CITY OF RUSSELL, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2024
(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-5

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 133,234	\$ 146,845	\$ 152,675	\$ (5,830)
Delinquent	4,034	5,715	1,000	4,715
Motor vehicle	24,410	427	14,177	(13,750)
Recreational vehicle	441	22,429	608	21,821
16/20M vehicle	433	334	346	(12)
Neighborhood revitalization rebate	(2,853)	(2,861)	(2,536)	(325)
TOTAL RECEIPTS	159,699	172,889	<u>\$ 166,270</u>	<u>\$ 6,619</u>
EXPENDITURES				
Library appropriation	<u>159,699</u>	<u>166,900</u>	<u>\$ 166,900</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	5,989		
UNENCUMBERED CASH, BEGINNING	-	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ 5,989</u>		

CITY OF RUSSELL, KANSAS
 FIRE EQUIPMENT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-6

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 31,282	\$ 33,852	\$ 35,203	\$ (1,351)
Delinquent	796	1,107	300	807
Motor vehicle	4,793	5,151	3,328	1,823
Recreational vehicle	87	98	142	(44)
16/20M vehicle	78	66	81	(15)
Neighborhood revitalization rebate	(670)	(659)	(585)	(74)
Interest income	1,787	2,335	500	1,835
Mutual Aid Agreements	9,000	3,000	-	3,000
Grants	-	58,274	-	58,274
TOTAL RECEIPTS	47,153	103,224	\$ 38,969	\$ 64,255
EXPENDITURES				
Capital expenses - equipment	41,451	57,366	\$ 71,555	\$ (14,189)
RECEIPTS OVER (UNDER) EXPENDITURES	5,702	45,858		
UNENCUMBERED CASH, BEGINNING	49,261	54,963		
UNENCUMBERED CASH, ENDING	\$ 54,963	\$ 100,821		

CITY OF RUSSELL, KANSAS
 RECREATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-7

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 125,130	\$ 135,542	\$ 140,856	\$ (5,314)
Delinquent	3,265	4,645	1,000	3,645
Motor vehicle	19,138	20,600	13,316	7,284
Recreational vehicle	346	391	571	(180)
16/20M vehicle	363	262	325	(63)
Miscellaneous income	-	-	-	-
Neighborhood revitalization rebate	(2,679)	(2,640)	(2,339)	(301)
TOTAL RECEIPTS	145,563	158,800	<u>\$ 153,729</u>	<u>\$ 5,071</u>
EXPENDITURES				
Recreation appropriation	<u>145,563</u>	<u>154,295</u>	<u>\$ 154,295</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	4,505		
UNENCUMBERED CASH, BEGINNING	<u>-</u>	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ 4,505</u>		

CITY OF RUSSELL, KANSAS
PERSONNEL BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2024
(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-8

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Taxes				
Ad valorem	\$ 628,471	\$ 724,220	\$ 753,535	\$ (29,315)
Delinquent	11,589	15,905	5,000	10,905
Motor vehicle	61,918	99,273	66,886	32,387
Recreational vehicle	1,119	1,872	2,870	(998)
16/20M vehicle	924	848	1,634	(786)
Neighborhood revitalization rebate	(13,457)	(14,119)	(12,515)	(1,604)
Reimbursed expenses	106,862	212,404	37,136	175,268
Federal and State FEMA	17,980	-	-	-
Interest income	11,170	15,325	2,000	13,325
Miscellaneous revenue	15,090	1,640	15,000	(13,360)
Operating transfers	1,296,000	1,373,321	1,373,321	-
TOTAL RECEIPTS	2,137,666	2,430,689	\$ 2,244,867	\$ 185,822
EXPENDITURES				
Blue Cross/Blue Shield	1,048,949	1,214,517	\$ 1,375,000	\$ (160,483)
Social Security - Medicare	347,121	368,616	404,000	(35,384)
KPERS	417,724	481,248	520,000	(38,752)
Workers' compensation	103,799	134,344	130,000	4,344
Unemployment insurance	4,443	4,716	29,000	(24,284)
Dues, fees, and subscriptions	-	-	500	(500)
Other insurance	395	395	400	(5)
TOTAL EXPENDITURES	1,922,431	2,203,836	\$ 2,458,900	\$ (255,064)
RECEIPTS OVER (UNDER) EXPENDITURES	215,235	226,853		
UNENCUMBERED CASH, BEGINNING	170,933	386,168		
UNENCUMBERED CASH, ENDING	<u>\$ 386,168</u>	<u>\$ 613,021</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, 2024
(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-9

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Liquor tax	\$ 16,727	\$ 14,935	\$ 17,739	\$ (2,804)
Reimbursed expense	-	2,200	-	2,200
Interest income	720	615	100	515
TOTAL RECEIPTS	17,447	17,750	<u>\$ 17,839</u>	<u>\$ (89)</u>
EXPENDITURES				
Capital outlay	6,000	16,371	<u>\$ 20,467</u>	<u>\$ (4,096)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	11,447	1,379		
UNENCUMBERED CASH, BEGINNING	20,683	32,130		
UNENCUMBERED CASH, ENDING	<u>\$ 32,130</u>	<u>\$ 33,509</u>		

CITY OF RUSSELL, KANSAS
 TOURISM & CONVENTION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-10

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Transient Guest Tax	\$ -	\$ 62,476	\$ -	\$ 62,476
Interest income	-	292	-	292
TOTAL RECEIPTS	<u>-</u>	<u>62,768</u>	<u>\$ -</u>	<u>\$ 62,768</u>
EXPENDITURES				
Administration	-	1,250	\$ -	\$ 1,250
Airport	-	-	-	-
Fire	-	-	-	-
Police	-	-	-	-
Community development	-	-	-	-
Street department	-	-	-	-
Golf course	-	-	-	-
Swimming pool	-	-	-	-
Parks	-	-	-	-
Professional services	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>1,250</u>	<u>\$ -</u>	<u>\$ 1,250</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	61,518		
UNENCUMBERED CASH, BEGINNING	<u>-</u>	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ 61,518</u>		

CITY OF RUSSELL, KANSAS
 24-7 TRAVEL STORE CID FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-11

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Community Development District Revenue	\$ -	\$ 46,961	\$ -	\$ 46,961
Interest income	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>46,961</u>	<u>\$ -</u>	<u>\$ 46,961</u>
EXPENDITURES				
Admin fees	-	208	\$ -	\$ 208
Allowable costs	-	39,792	-	39,792
TOTAL EXPENDITURES	<u>-</u>	<u>40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	6,961		
UNENCUMBERED CASH, BEGINNING	<u>-</u>	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ 6,961</u>		

CITY OF RUSSELL, KANSAS
 24-7 TRAVEL STORE TIF FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-12

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Tax Incentive Receipts	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-
TOTAL RECEIPTS	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Admin fees	-	-	\$ -	\$ -
Allowable costs	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	-		
UNENCUMBERED CASH, BEGINNING	<u>-</u>	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ -</u>		

CITY OF RUSSELL, KANSAS
 CAPITAL IMPROVEMENTS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-13	
	2024	2023
RECEIPTS		
Interest income	\$ 7,423	\$ 18,230
Grants	481,750	1,965,967
Donation	105,565	-
Reimbursed expenses	173,471	-
Golf course fees	7,380	8,175
Operating transfers	686,919	500,000
TOTAL RECEIPTS	1,462,508	2,492,372
EXPENDITURES		
Administration	33,048	-
Airport	22,657	-
Fire	5,300	-
Police	9,209	-
Community development	-	-
Street department	1,120,519	972,256
Golf course	39,963	28,168
Swimming pool	9,319	-
Parks	71,522	-
TOTAL EXPENDITURES	1,311,537	1,000,424
RECEIPTS OVER (UNDER) EXPENDITURES	150,971	1,491,948
UNENCUMBERED CASH, BEGINNING	(150,243)	(1,648,485)
PRIOR YEAR CANCELLED ENCUMBRANCES	1,351	6,294
UNENCUMBERED CASH, ENDING	\$ 2,079	\$ (150,243)

CITY OF RUSSELL, KANSAS
EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2024
(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-14	
	2024	2023
RECEIPTS		
Interest income	\$ 8,786	\$ 13,324
Grants	-	259,000
Sale of assets	41,609	-
Operating transfers	390,272	200,000
TOTAL RECEIPTS	440,667	472,324
EXPENDITURES		
Police department	152,925	264,907
Administration	14,371	9,450
Fire	39,748	72,140
Golf course	55,039	56,598
Parks	41,750	65,084
Transportation	-	1,292
Street	10,050	292,104
TOTAL EXPENDITURES	313,883	761,575
RECEIPTS OVER (UNDER) EXPENDITURES	126,784	(289,251)
UNENCUMBERED CASH, BEGINNING	213,485	502,736
PRIOR YEAR CANCELLED ENCUMBRANCES	30	-
UNENCUMBERED CASH, ENDING	\$ 340,299	\$ 213,485

CITY OF RUSSELL, KANSAS
RISK MANAGEMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2024
(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-15	
	2024	2023
RECEIPTS		
Interest income	\$ 133	\$ 315
EXPENDITURES		
Streets	-	-
General	362	4,273
Wastewater	-	3,641
TOTAL EXPENDITURES	362	7,914
RECEIPTS OVER (UNDER) EXPENDITURES	(229)	(7,599)
UNENCUMBERED CASH, BEGINNING	6,870	14,469
PRIOR YEAR CANCELLED ENCUMBRANCES	-	-
UNENCUMBERED CASH, ENDING	\$ 6,641	\$ 6,870

CITY OF RUSSELL, KANSAS
 BOND AND INTEREST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-16

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Delinquent taxes	\$ -	\$ -	\$ -	\$ -
Interest income	2,580	2,036	100	1,936
Operating transfers	457,378	537,251	537,251	-
TOTAL RECEIPTS	<u>459,958</u>	<u>539,287</u>	<u>\$ 537,351</u>	<u>\$ 1,936</u>
EXPENDITURES				
Bond principal	415,000	425,000	\$ 425,000	\$ -
Interest coupons	42,379	112,251	35,303	76,948
Fees	-	1	-	1
TOTAL EXPENDITURES	<u>457,379</u>	<u>537,252</u>	<u>\$ 460,303</u>	<u>\$ 76,949</u>
RECEIPTS OVER (UNDER) EXPENDITURES	2,579	2,035		
UNENCUMBERED CASH, BEGINNING	<u>112,379</u>	<u>114,958</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 114,958</u>	<u>\$ 116,993</u>		

CITY OF RUSSELL, KANSAS
 HISTORIC PARK IMPROVEMENTS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-17	
	2024	2023
RECEIPTS		
Grant	\$ -	\$ 58,453
Operating transfers	-	-
TOTAL RECEIPTS	-	58,453
EXPENDITURES	-	117,942
RECEIPTS OVER (UNDER) EXPENDITURES	-	(59,489)
UNENCUMBERED CASH, BEGINNING	-	45,989
PRIOR YEAR CANCELLED ENCUMBRANCES	-	13,500
UNENCUMBERED CASH, ENDING	\$ -	\$ -

CITY OF RUSSELL, KANSAS
 HOLLAND HOTEL IMPROVEMENT PROJECT
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-18	
	2024	2023
RECEIPTS		
Grant	\$ 111,595	\$ -
RHID	58	-
Interest income	35,066	37,908
TOTAL RECEIPTS	146,719	37,908
EXPENDITURES	329,137	71,366
RECEIPTS OVER (UNDER) EXPENDITURES	(182,418)	(33,458)
UNENCUMBERED CASH, BEGINNING	917,544	951,002
UNENCUMBERED CASH, ENDING	\$ 735,126	\$ 917,544

CITY OF RUSSELL, KANSAS
 AIRPORT IMPROVEMENT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-19	
	2024	2023
RECEIPTS		
Grant	\$ 408,182	\$ -
Operating transfers	80,840	-
TOTAL RECEIPTS	489,022	-
EXPENDITURES	535,527	-
RECEIPTS OVER (UNDER) EXPENDITURES	(46,505)	-
UNENCUMBERED CASH, BEGINNING	-	-
PRIOR YEAR CANCELLED ENCUMBRANCES	-	-
UNENCUMBERED CASH, ENDING	\$ (46,505)	\$ -

CITY OF RUSSELL, KANSAS
 JOHNSON TRUST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-20	
	2024	2023
RECEIPTS		
Trust distributions	\$ 285,594	\$ 277,962
Miscellaneous	-	-
Interest income	20,818	24,213
TOTAL RECEIPTS	306,412	302,175
EXPENDITURES		
Operating supplies	-	-
Professional services	-	-
Capital expense	122,997	215,998
Operating transfers	-	-
TOTAL EXPENDITURES	122,997	215,998
RECEIPTS OVER (UNDER) EXPENDITURES	183,415	86,177
UNENCUMBERED CASH, BEGINNING	982,450	896,273
PRIOR YEAR CANCELLED ENCUMBRANCES	-	-
UNENCUMBERED CASH, ENDING	\$ 1,165,865	\$ 982,450

CITY OF RUSSELL, KANSAS
 DEINES CENTER TRUST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-21	
	2024	2023
RECEIPTS		
Interest income	\$ 395	\$ 522
EXPENDITURES	-	2,390
RECEIPTS OVER (UNDER) EXPENDITURES	395	(1,868)
UNENCUMBERED CASH, BEGINNING	20,173	22,041
UNENCUMBERED CASH, ENDING	\$ 20,568	\$ 20,173

CITY OF RUSSELL, KANSAS
HEALTH INSURANCE TRUST
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2024
(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-22	
	2024	2023
RECEIPTS		
Health insurance contribution	\$ 1,212,717	\$ 1,046,849
Reimbursed expense	149,943	118,649
TOTAL RECEIPTS	1,362,660	1,165,498
EXPENDITURES	1,285,350	1,231,748
RECEIPTS OVER (UNDER) EXPENDITURES	77,310	(66,250)
UNENCUMBERED CASH, BEGINNING	165,791	232,041
UNENCUMBERED CASH, ENDING	\$ 243,101	\$ 165,791

CITY OF RUSSELL, KANSAS
DONATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2024
(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-23	
	<u>2024</u>	<u>2023</u>
RECEIPTS		
Donations	<u>\$ 1,150</u>	<u>\$ 1,730</u>
EXPENDITURES		
Operating supplies	1,906	2,712
Maintenance/trees	-	-
Capital expense	<u>-</u>	<u>587</u>
TOTAL EXPENDITURES	<u>1,906</u>	<u>3,299</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(756)	(1,569)
UNENCUMBERED CASH, BEGINNING	<u>12,718</u>	<u>14,287</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 11,962</u></u>	<u><u>\$ 12,718</u></u>

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2024

(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-24
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	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Sale of electricity	\$ 10,024,774	\$ 10,869,497	\$ 995,328	\$ 9,874,169
Energy cost adjustment	178,454	-	-	-
Late payment penalty	10,334	15,819	10,000	5,819
Reimbursed expense	2,302	113,819	-	113,819
Grants	238,045	-	-	-
Customer deposits	34,844	4,732	-	4,732
Bad debt collections	-	82	-	82
Rent income	-	17,371	-	17,371
Bond proceeds - cost of issuance	-	83,021	-	83,021
Interest income	162,605	126,001	35,000	91,001
Miscellaneous revenue	146,749	52,098	-	52,098
TOTAL RECEIPTS	10,798,107	11,282,440	\$ 1,040,328	\$ 10,242,112
EXPENDITURES				
General and administrative				
Personnel salaries	252,317	230,750	\$ 213,930	\$ 16,820
Accrued leave buy back	113	203	200	3
Telephone	887	1,322	1,200	122
Postage	8,603	7,649	7,800	(151)
Insurance	788	869	1,100	(231)
Bad debt	4,021	8,217	-	8,217
Fuel and oil	-	-	-	-
Professional services	52,688	111,418	27,000	84,418
Dues and subscriptions	35,136	43,732	61,294	(17,562)
Sales tax	2,928	4,020	2,500	1,520
Training and seminars	5,474	4,516	7,500	(2,984)
Printing and advertising	587	707	250	457
Interest on consumer deposits	331	376	100	276
Supplies	787	1,065	1,500	(435)
Bond Costs of Issuance	-	83,021	-	83,021
Consumer deposits refunded	-	-	-	-
Office supplies	-	141	1,500	(1,359)
Repairs and maintenance	157	28	250	(222)
Apparatus and tools	5,576	736	1,000	(264)
Armory utilities	-	-	-	-
Capital expense - equipment	6,417	-	2,521,680	(2,521,680)
Total general and administrative	376,810	498,770	2,848,804	(2,350,034)

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2024

(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-24
Page 2 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Production				
Personnel salaries	\$ 377,096	\$ 427,392	\$ 439,039	\$ (11,647)
Overtime salaries	13,359	11,576	12,665	(1,089)
Accrued leave buy back	975	1,575	1,000	575
Telephone	3,607	3,270	5,000	(1,730)
Postage	135	-	100	(100)
Natural gas	3,563	2,682	5,000	(2,318)
Insurance	218,437	261,327	221,000	40,327
Dues and subscription	1,913	117	1,500	(1,383)
Training and seminars	3,957	1,806	3,500	(1,694)
Professional services	36,855	32,641	13,500	19,141
Printing and advertising	193	-	250	(250)
Compensating use tax	214	108	1,500	(1,392)
Operating supplies	1,219	2,786	1,500	1,286
Repairs and maintenance	36,289	18,585	75,000	(56,415)
Generation fuel and oil	13,445	(9,677)	40,000	(49,677)
Natural gas	80,206	133,708	50,000	83,708
Turbine maintenance	69,478	14,385	60,000	(45,615)
Transport natural gas - turbines	73,207	32,103	35,000	(2,897)
Purchased power	5,202,853	5,265,605	6,028,287	(762,682)
Chemicals	21,426	12,768	20,000	(7,232)
Fuel and oil	2,131	2,631	3,000	(369)
Apparatus and tools	-	8,089	5,000	3,089
Office supplies	639	487	1,000	(513)
Uniforms	271	435	2,500	(2,065)
Transport downtown power plant	3,159	3,497	2,500	997
Capital expenditures - equipment	-	-	-	-
Total production	6,164,627	6,227,896	7,027,841	(799,945)
Transportation and distribution				
Personnel salaries	546,918	534,591	753,183	(218,592)
Overtime salaries	4,073	12,343	13,805	(1,462)
Accrued leave buy back	120	-	300	(300)
Telephone	1,351	2,357	1,200	1,157
Natural gas	5,306	3,930	5,000	(1,070)
Postage	114	-	300	(300)
Insurance	20,905	20,730	20,000	730

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2024

(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-24
Page 3 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Transportation and distribution (continued)				
Dues and subscriptions	\$ 41,598	\$ 14,792	\$ 2,000	\$ 12,792
Training and seminars	11,101	13,418	10,000	3,418
Professional services	45,997	61,879	30,000	31,879
Printing and advertising	362	36	450	(414)
Compensating use tax	3,605	34,457	20,000	14,457
Operating supplies	2,620	3,544	5,000	(1,456)
Repairs and maintenance	150,709	456,330	195,000	261,330
Chemicals	-	107	600	(493)
Lease/rent	-	-	700	(700)
Fuel and oil	15,467	16,353	40,000	(23,647)
Apparatus and tools	8,989	13,749	16,000	(2,251)
Office supplies	147	227	250	(23)
Uniforms	3,602	6,517	6,000	517
Capital expenditures - building and improvement	9,635	-	-	-
Total transportation and distribution	872,619	1,195,360	1,119,788	75,572
Operating transfers				
Transfer to:				
Personnel Benefits Fund	670,000	670,000	670,000	-
General Fund	450,000	450,000	450,000	-
Bond and Interest Fund	-	76,948	-	76,948
Electric Depreciation Reserve Fund	2,000,000	2,000,000	1,300,000	700,000
Total operating transfers	3,120,000	3,196,948	2,420,000	776,948
TOTAL EXPENDITURES	10,534,056	11,118,974	\$ 13,416,433	\$ (2,297,459)
RECEIPTS OVER (UNDER) EXPENDITURES	264,051	163,466		
UNENCUMBERED CASH, BEGINNING	5,089,631	5,354,005		
PRIOR YEAR CANCELLED ENCUMBRANCES	323	22,137		
UNENCUMBERED CASH, ENDING	\$ 5,354,005	\$ 5,539,608		

CITY OF RUSSELL, KANSAS
 ELECTRIC RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-25	
	2024	2023
RECEIPTS		
Interest income	\$ 153,237	\$ 81,811
Environmental surcharge rider	73,013	54,367
Insurance proceeds	2,876	94,933
Grants	122,783	-
Bond proceeds	4,873,633	-
Operating transfers	2,000,000	2,000,000
TOTAL RECEIPTS	7,225,542	2,231,111
EXPENDITURES		
Capital outlay	1,185,554	2,497,645
RECEIPTS OVER (UNDER) EXPENDITURES	6,039,988	(266,534)
UNENCUMBERED CASH, BEGINNING	2,130,701	1,559,181
PRIOR YEAR CANCELLED ENCUMBRANCES	-	838,054
UNENCUMBERED CASH, ENDING	\$ 8,170,689	\$ 2,130,701

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2024

(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-26
Page 1 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Consumer sales	\$ 3,379,385	\$ 3,627,393	\$ 2,826,449	\$ 800,944
State water fee	8,053	8,321	6,500	1,821
Late payment penalty	5,301	6,510	3,500	3,010
Water main tap fees	6,250	1,550	-	1,550
Interest income	64,691	50,267	7,500	42,767
Grants	2,232	-	-	-
Customer deposits	3,046	298	-	298
Sales tax	-	-	-	-
Bad debt income	16,130	3,241	-	3,241
R-9 Ranch Agreement	-	9,960	-	9,960
Reimbursed expense	-	6,693	-	6,693
Miscellaneous revenue	22,100	22,843	13,000	9,843
TOTAL RECEIPTS	3,507,188	3,737,076	\$ 2,856,949	\$ 880,127
EXPENDITURES				
General and administrative				
Personnel salaries	-	209,319	\$ 203,652	\$ 5,667
Overtime salaries	-	4	-	4
Accrued leave buy back	-	202	200	2
Postage	6,140	5,680	4,600	1,080
Insurance	490	1,044	-	1,044
Compensating use tax	139	545	-	545
Professional services	34,000	69,347	16,567	52,780
Training	2,930	1,132	7,000	(5,868)
Repairs and maintenance	-	-	250	(250)
Printing and advertising	168	1,187	350	837
Dues and subscriptions	21,206	29,137	42,429	(13,292)
Interest on consumer deposits	318	324	100	224
Operating supplies	-	740	750	(10)
Office supplies	174	37	50	(13)
Principal payments	74,774	287,234	277,954	9,280
Interest payments	51,071	69,722	79,002	(9,280)
Consumer deposits refunded	-	-	3,000	(3,000)
Uniforms	-	-	100	(100)
Fuel and oil	-	43	250	(207)
Apparatus and tools	70	-	250	(250)
Capital expense - equipment	10,581	31,320	933,782	(902,462)
Bad debt expense	-	-	4,000	(4,000)
Total general and administrative	202,061	707,017	1,574,286	(867,269)

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2024

(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-26
Page 2 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Production				
Personnel salaries	\$ 517,681	\$ 351,001	\$ 358,641	\$ (7,640)
Overtime salaries	11,614	14,425	7,231	7,194
Accrued leave buy back	188	-	-	-
Telephone	1,582	1,641	1,750	(109)
Postage	19	218	2,000	(1,782)
Natural gas	19,228	11,414	20,000	(8,586)
Electric services	45,452	41,730	45,000	(3,270)
Insurance	83,031	76,196	77,000	(804)
Dues and subscription	2,152	3,513	2,500	1,013
Training and seminars	3,831	3,177	4,000	(823)
Professional services	41,508	43,009	15,000	28,009
Printing and advertising	3	4	100	(96)
State water fees	8,085	8,342	8,500	(158)
Operating supplies	6,700	5,809	7,500	(1,691)
Clean drinking water fee	7,580	7,820	8,500	(680)
Repairs and maintenance	133,663	119,300	150,000	(30,700)
Chemicals	291,352	308,829	290,000	18,829
Fuel and oil	4,377	4,568	3,000	1,568
Apparatus and tools	6,942	17,001	3,800	13,201
Office supplies	1,271	619	1,000	(381)
Uniforms	3,007	3,107	3,500	(393)
Lease and rent	79,547	90,065	89,550	515
Capital expense	1,899	30,736	-	30,736
R-9 Ranch expenses	18,475	22,668	2,500	20,168
Total production	<u>1,289,187</u>	<u>1,165,192</u>	<u>1,101,072</u>	<u>64,120</u>

CITY OF RUSSELL, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-26
Page 3 of 3

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Transportation and distribution				
Personnel salaries	\$ 234,648	\$ 196,135	\$ 197,607	\$ (1,472)
On Call salaries	-	-	6,500	(6,500)
Overtime salaries	5,328	3,534	5,632	(2,098)
Accrued leave buy back	-	-	200	(200)
Telephone	2,827	3,049	3,000	49
Postage	-	32	-	32
Natural gas	4,610	3,340	4,000	(660)
Insurance	9,151	9,599	11,000	(1,401)
Dues and subscriptions	32,639	15,497	20,000	(4,503)
Training and seminars	9,772	1,827	2,300	(473)
Professional services	4,081	1,552	2,500	(948)
Printing and advertising	-	2	150	(148)
Operating supplies	1,182	864	1,000	(136)
Repairs and maintenance	19,343	24,497	30,000	(5,503)
Fuel and oil	8,598	8,776	10,000	(1,224)
Apparatus and tools	563	171	2,000	(1,829)
Office supplies	206	166	250	(84)
Uniforms	2,147	2,721	2,500	221
Capital expense	-	-	2,500	(2,500)
Total transportation and distribution	<u>335,095</u>	<u>271,762</u>	<u>301,139</u>	<u>(29,377)</u>
Operating transfers	<u>1,534,378</u>	<u>1,881,651</u>	<u>1,331,651</u>	<u>550,000</u>
TOTAL EXPENDITURES	<u>3,360,721</u>	<u>4,025,622</u>	<u>\$ 4,308,148</u>	<u>\$ (282,526)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	146,467	(288,546)		
UNENCUMBERED CASH, BEGINNING	2,178,008	2,324,475		
PRIOR YEAR CANCELLED ENCUMBRANCES	<u>-</u>	<u>5,830</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 2,324,475</u>	<u>\$ 2,041,759</u>		

CITY OF RUSSELL, KANSAS
 WATER RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-27	
	2024	2023
RECEIPTS		
Interest income	\$ 4,576	\$ 754
KDHE loan proceeds	333,737	1,764,502
Insurance proceeds	1,852	-
Sale of assets	2,640	-
Operating transfers	900,000	600,000
TOTAL RECEIPTS	1,242,805	2,365,256
EXPENDITURES		
Professional services	79,875	79,708
Printing and advertising	-	-
Conservation expenditures	200	770
Capital expenditures	129,583	185,088
TOTAL EXPENDITURES	209,658	265,566
RECEIPTS OVER (UNDER) EXPENDITURES	1,033,147	2,099,690
UNENCUMBERED CASH, BEGINNING	(396,826)	(2,515,567)
PRIOR YEAR CANCELLED ENCUMBRANCES	4,328	19,051
UNENCUMBERED CASH, ENDING	\$ 640,649	\$ (396,826)

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2024

(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-28

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Sewer use charge	\$ 878,758	\$ 982,542	\$ 900,000	\$ 82,542
Penalty	1,949	2,062	1,200	862
Sewer main tap fees	2,330	15,005	1,000	14,005
Bad debt	5,853	69	-	69
Grants	-	-	-	-
Reimbursed expense	-	-	-	-
Interest income	20,159	10,777	2,500	8,277
Miscellaneous revenue	4,040	4,132	1,600	2,532
TOTAL RECEIPTS	913,089	1,014,587	\$ 906,300	\$ 108,287
EXPENDITURES				
Personnel salaries	222,695	242,751	\$ 241,206	\$ 1,545
Overtime salaries	2,990	4,105	2,570	1,535
Accrued leave buy back	38	103	350	(247)
Telephone	881	983	950	33
Postage	1,816	2,492	2,500	(8)
Natural gas	2,572	1,825	2,500	(675)
Insurance	8,738	7,297	8,000	(703)
Bad debt	-	1,482	1,000	482
Dues and subscriptions	26,369	23,212	14,902	8,310
Training and seminars	918	861	2,200	(1,339)
Professional services	19,229	31,241	9,000	22,241
Printing and advertising	167	310	200	110
Operating supplies	2,396	1,672	2,700	(1,028)
Repairs and maintenance	24,451	34,072	27,750	6,322
Chemicals	6,507	6,425	5,000	1,425
Fuel and oil	15,223	12,334	9,000	3,334
Apparatus and tools	1,408	1,393	1,500	(107)
Office supplies	153	156	500	(344)
Armory utilities	-	-	-	-
Uniforms	581	563	600	(37)
Principal payments	-	130,524	133,702	(3,178)
Interest payments	73,876	84,084	83,639	445
Capital expense	19,964	-	233,450	(233,450)
Operating transfers	681,000	419,700	569,700	(150,000)
TOTAL EXPENDITURES	1,111,972	1,007,585	\$ 1,352,919	\$ (345,334)
RECEIPTS OVER (UNDER) EXPENDITURES	(198,883)	7,002		
UNENCUMBERED CASH, BEGINNING	652,370	453,487		
PRIOR YEAR CANCELLED ENCUMBRANCES	-	5,910		
UNENCUMBERED CASH, ENDING	<u>\$ 453,487</u>	<u>\$ 466,399</u>		

CITY OF RUSSELL, KANSAS
WASTEWATER RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2024
(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-29	
	2024	2023
RECEIPTS		
Interest income	\$ 17,135	\$ 16,726
Insurance proceeds	3,851	
Sale of assets	750	
Loan proceeds	-	585,469
Operating transfers	200,000	450,000
TOTAL RECEIPTS	221,736	1,052,195
EXPENDITURES		
Capital outlay	134,322	239,399
RECEIPTS OVER (UNDER) EXPENDITURES	87,414	812,796
UNENCUMBERED CASH, BEGINNING	894,876	50,335
PRIOR YEAR CANCELLED ENCUMBRANCES	-	31,745
UNENCUMBERED CASH, ENDING	\$ 982,290	\$ 894,876

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2024

(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-30
Page 1 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Consumer sales	\$ 417,134	\$ 434,699	\$ 426,000	\$ 8,699
Consumer sales - landfill	382,651	383,719	370,000	13,719
Bad debt	-	69	-	69
Sales tax	1,222	747	1,000	(253)
Polykart sales	7,201	6,387	6,000	387
Recycling sales	9,536	17,260	-	17,260
Penalty	2,344	2,201	1,000	1,201
Interest income	12,706	9,595	2,500	7,095
Reimbursed expense	-	975	-	975
Miscellaneous revenue	10,551	6,906	4,000	2,906
TOTAL RECEIPTS	843,345	862,558	\$ 810,500	\$ 52,058
EXPENDITURES				
General and administrative				
Sales tax	1,814	729	\$ 1,500	\$ (771)
Professional services	16,650	26,873	2,750	24,123
Operating supplies	1,356	798	250	548
Postage	2,680	1,530	1,600	(70)
Bad debt	157	6,020	500	5,520
Repairs and maintenance	-	250	250	-
Office supplies	-	-	100	(100)
Dues, licenses, fees, and subscriptions	23,646	22,698	14,704	7,994
Total general and administrative	46,303	58,898	21,654	37,244
Sanitation				
Personnel salaries	204,226	311,762	328,212	(16,450)
Overtime salaries	1,416	1,921	357	1,564
Accrued leave buy back	38	578	300	278
Landfill charges	166,628	170,450	188,925	(18,475)
Training and seminars	4,306	3,739	3,000	739

CITY OF RUSSELL, KANSAS

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

For Year Ended December 31, 2024

(With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-30
Page 2 of 2

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
EXPENDITURES (CONTINUED)				
Sanitation (continued)				
Insurance	\$ 5,999	\$ 7,646	\$ 7,500	\$ 146
Telephone	-	556	-	556
Professional services	543	3,436	1,000	2,436
Printing and advertising	246	240	500	(260)
Operating supplies	16,894	16,458	17,500	(1,042)
Repairs and maintenance	5,304	5,747	8,000	(2,253)
Fuel and oil	18,591	14,716	20,000	(5,284)
Office supplies	-	-	100	(100)
Uniforms	1,309	1,767	1,300	467
Apparatus and tools	70	169	100	69
Capital expense	-	-	237,788	(237,788)
Total sanitation	<u>425,570</u>	<u>539,185</u>	<u>814,582</u>	<u>(275,397)</u>
Operating transfers	<u>308,000</u>	<u>342,273</u>	<u>342,273</u>	<u>-</u>
TOTAL EXPENDITURES	<u>779,873</u>	<u>940,356</u>	<u>\$ 1,178,509</u>	<u>\$ (238,153)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	63,472	(77,798)		
UNENCUMBERED CASH, BEGINNING	413,779	477,251		
PRIOR YEAR CANCELLED ENCUMBRANCES	<u>-</u>	<u>282</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 477,251</u>	<u>\$ 399,735</u>		

CITY OF RUSSELL, KANSAS
 SANITATION RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

	Schedule 2-31	
	2024	2023
RECEIPTS		
Interest income	\$ 5,309	\$ 9,991
Insurance proceeds	4,910	
Operating transfers	50,000	70,000
TOTAL RECEIPTS	60,219	79,991
EXPENDITURES		
Capital outlay	75,011	187,047
RECEIPTS OVER (UNDER) EXPENDITURES	(14,792)	(107,056)
UNENCUMBERED CASH, BEGINNING	253,755	360,811
UNENCUMBERED CASH, ENDING	\$ 238,963	\$ 253,755

CITY OF RUSSELL, KANSAS
 RUSSELL RECREATION COMMISSION
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2024
 (With Comparative Actual Totals For Prior Year Ended December 31, 2023)

Schedule 2-32

	Prior Year Actual	Current Year		Over (Under) Budget
		Actual	Budget	
RECEIPTS				
Tax appropriations	\$ 145,563	\$ 154,295	\$ 140,873	\$ 13,422
Program fees	36,612	21,133	40,000	(18,867)
Concessions	3,513	4,579	6,000	(1,421)
Contributions	-	455	1,000	(545)
Grants	2,000	44,600	-	44,600
Memberships	61,415	82,985	75,000	7,985
Recreation building - rentals	1,675	2,625	3,300	(675)
Other receipts	2,381	190	-	190
Interest on investments	304	1,840	-	1,840
TOTAL RECEIPTS	253,463	312,702	\$ 266,173	\$ 46,529
EXPENDITURES				
Salaries				
Director	53,450	52,538	\$ 56,000	\$ (3,462)
Other	29,817	29,644	35,000	(5,356)
Concessions	1,403	2,363	3,000	(637)
Building	3,786	3,308	10,000	(6,692)
Program salaries	17,228	14,904	20,000	(5,096)
Grant salaries	458	175	-	175
Health insurance	7,122	10,305	5,000	5,305
KPERS contributions	7,579	7,623	10,000	(2,377)
Workers' compensation	-	-	-	-
Payroll tax	8,681	9,829	10,000	(171)
Unemployment tax	-	-	-	-
Accounting and reporting	6,405	6,869	8,000	(1,131)
Automobile expense	165	550	3,000	(2,450)
Awards	-	-	1,000	(1,000)
Concession				
Products	2,732	4,479	3,000	1,479
Sales tax	275	359	-	359
Insurance	10,130	10,302	10,000	302
Memorial Park				
Maintenance	8,597	15,129	15,000	129
Improvements	-	34,528	-	34,528
Capital equipment	-	592	-	592
Office expense	19,849	18,507	18,900	(393)
Recreation Center				
Equipment	2,383	3,562	15,000	(11,438)
Building improvements	-	8,304	10,000	(1,696)
Building				
Supplies	1,858	7,569	22,000	(14,431)
Utilities	11,676	11,391	-	11,391
Repairs and maintenance	6,857	16,181	-	16,181
Program expense	25,569	25,424	25,000	424
Tournament expense	269	23	7,000	(6,977)
Travel	998	431	3,000	(2,569)
Program contract labor	-	-	-	-
Trails/Park Study	-	-	-	-
Other expense	2,329	1,036	-	1,036
Membership expense	1,021	1,313	5,000	(3,687)
Adjustment for Qualifying Budget Credits	-	-	23,205	(23,205)
TOTAL EXPENDITURES	230,637	297,238	\$ 318,105	\$ (20,867)
RECEIPTS OVER (UNDER) EXPENDITURES	22,826	15,464		
UNENCUMBERED CASH, BEGINNING	60,752	83,578		
UNENCUMBERED CASH, ENDING	<u>\$ 83,578</u>	<u>\$ 99,042</u>		

CITY OF RUSSELL, KANSAS

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For Year Ended December 31, 2024

Schedule 3

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Drug Task Force Program	\$ 4,469	\$ 86	\$ -	\$ 4,555
Municipal Court	9,478	33,075	31,315	11,238
Fire Fighter Activity	39,909	19,589	19,640	39,858
Fire Insurance Proceeds	1,950	-	1,950	-
Opioid Settlement	15,947	13,624	-	29,571
Sink or Swim	903	17	250	670
Total	<u>\$ 72,656</u>	<u>\$ 66,391</u>	<u>\$ 53,155</u>	<u>\$ 85,892</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, 2024, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated September 2, 2025, which was modified because the financial statement is prepared on the regulatory basis of accounting.

Report on Internal Control Over Financial Reporting

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

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

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

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 cursive script that reads "Lindburg Vogel Pierce Faris". The signature is written in black ink on a white background.

Certified Public Accountants

Hutchinson, Kansas
September 2, 2025

CITY OF RUSSELL, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2024

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	22-PF-011	\$ 81,500
Community Development Block Grants	14.228	23-CR-006	4,250
Community Project Funding Grant	14.251	B-23-CP-KS-0600	<u>245,000</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>330,750</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Award			
COPS Technology and Equipment Program Invitational Solicitation	16.710	15JCOPS23GG01870TECP	<u>197,468</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>197,468</u>
U.S. DEPARTMENT OF ENERGY			
Pass-through Kansas Corporation Commission			
Energy Efficiency and Conservation Block Grant (EECBG)	81.128	EE46054793	<u>114,619</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>114,619</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Award			
Airport Improvement Program	20.106	3-20-0071-017-2024	349,637
Airport Improvement Program	20.106	3-20-0071-018-2024	88,920
Airport Improvement Program	20.106	3-20-0071-019-2025	29,802
Pass-through Kansas Department of Transportation			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	300901	<u>52,639</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>520,998</u>
TOTAL			<u>\$ 1,163,835</u>

CITY OF RUSSELL, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2024NOTE 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, 2024, 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.

Guy A. Scofield, CPA
Nick L. Muetting, CPA
Billy J. Klug, CPA
Brent L. Knoche, CPA
Brian W. Mapel, CPA
Jeffrey D. Reece, CPA
Brady H. Byrnes, CPA
Alex P. Larson, CPA
Kayleen E. Million, CPA

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, 2024. 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, 2024.

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 cursive script that reads "Lindburg Vogel Pierce Faris". The signature is written in black ink on a white background.

Certified Public Accountants

Hutchinson, Kansas
September 2, 2025

CITY OF RUSSELL, KANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For Year Ended December 31, 2024

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statement of City of Russell, Kansas (the City) prepared on the regulatory basis of accounting in accordance with the cash basis and budget laws of the State of Kansas prescribed by the *Kansas Municipal Audit and Accounting Guide* described in Note 1—Summary of Significant Accounting Policies to the financial statement.
2. No significant deficiencies relating to the audit of the financial statement of the City are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the City expressed an unmodified opinion.
6. There were no audit findings relative to the major federal award programs that are required to be reported in accordance with Section 2 CFR 200.516(a).
7. The programs tested as major programs include:

	CFDA No.
Airport Improvement Program	20.106

8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. The City was not determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings.

CITY OF RUSSELL, KANSAS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For Year Ended December 31, 2024

There were no prior year findings required to be reported.

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APPENDIX E

Unaudited 2025 Receipts, Disbursements and Unencumbered Cash Report

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City of Russell
Unaudited Summary of Receipts, Disbursements, and Balances
January 1, 2025 to December 31, 2025

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance	Net Change Accounts Receivable	Net Change Accounts Payable	Pooled Cash Balance	Encumbrances	Unaudited 2025 Unencumbered Cash	Audited 2024 Unencumbered Cash
General Fund	1,614,870	4,031,587	4,195,273	1,451,184	32,159	7,988	1,427,013	5,086	1,421,927	1,507,139
Airport Fund	82,086	29,421	50,516	60,991	-	(30)	60,961	-	60,961	81,992
Industrial Fund	125,966	38,389	22,087	142,268	-	5,584	147,852	-	147,852	124,100
Bond & Interest Fund	116,993	817,379	815,069	119,303	-	-	119,303	-	119,303	116,993
Library Fund	5,989	164,205	164,205	5,989	-	-	5,989	-	5,989	5,989
Fire Equipment Fund	122,138	79,976	108,787	93,327	-	12,840	106,167	2,177	103,990	100,821
Recreation Fund	4,505	160,895	160,895	4,505	-	-	4,505	-	4,505	4,505
Personnel Benefits Fund	623,471	2,522,575	2,113,682	1,032,364	-	(10,451)	1,021,913	-	1,021,913	613,021
Special Highway Fund	267,306	225,759	152,195	340,870	-	4,310	345,180	-	345,180	251,941
Tourism & Convention Fund	61,518	79,512	45,548	95,482	456	2,272	97,298	-	97,298	61,518
Electric Utility Fund	5,837,323	11,407,583	12,112,349	5,132,557	(268,329)	168,104	5,568,990	33,207	5,535,783	5,539,608
Water Improvement Fund	1,071,631	1,126,669	1,045,703	1,152,597	-	48,550	1,201,147	312,292	888,855	640,649
Water Utility Fund	2,135,625	3,975,802	3,816,615	2,294,812	458,828	192,638	2,028,622	20,995	2,007,627	2,041,759
Sanitation Utility Fund	424,846	900,612	962,462	362,996	95,946	23,480	290,530	266	290,264	399,735
Electric Depreciation Fund	10,372,988	2,789,074	2,503,605	10,658,457	-	(657,752)	10,000,705	250,139	9,750,566	8,170,689
24/7 Travel Store CID	5,333	60,763	57,985	8,111	-	1,628	9,739	-	9,739	6,961
24/7 Travel Store TIF	-	45,674	45,674	-	-	-	-	-	-	-
Wastewater Replacement Fund	982,290	341,824	44,324	1,279,790	-	-	1,279,790	51,100	1,228,690	982,290
Wastewater Fund	475,663	995,512	1,003,419	467,756	105,249	41,910	404,417	24,766	379,651	466,399
Spec Parks & Recreation	33,508	19,916	-	53,424	-	-	53,424	-	53,424	33,509
Sanitation Reserve	238,963	84,091	21,669	301,385	-	-	301,385	4,577	296,808	238,963
Capital Improvements Fund	1,074,274	3,123,009	1,746,381	2,450,902	-	39,757	2,490,659	829,082	1,661,577	2,079
Equipment Reserve Fund	588,452	307,078	394,714	500,816	-	3,170	503,986	182,498	321,488	340,299
Municipal Court Fund	11,238	32,500	31,781	11,957	515	(1,812)	9,630	-	9,630	11,238
Holland Hotel Improvements	735,126	495,058	1,133,941	96,243	-	-	96,243	-	96,243	735,126
Airport Improvement Fund	(12,742)	348,257	335,515	-	-	-	-	26,004	(26,004)	(46,505)
Health Insurance Trust	243,101	1,292,839	1,245,580	290,360	-	-	290,360	-	290,360	243,101
Golf Course Improvement Fund	26,948	12,550	13,211	26,287	-	446	26,733	-	26,733	-
Sink or Swim Fund	670	13	-	683	(150)	-	833	-	833	670
Fire insurance proceeds	-	-	-	-	-	-	-	-	-	-
Risk Management Reserve	6,641	112	-	6,753	-	-	6,753	-	6,753	6,641
Drug Forfeiture Fund	4,555	150	-	4,705	-	-	4,705	-	4,705	4,555
Johnson Trust Fund	1,165,865	337,092	12,000	1,490,957	-	-	1,490,957	139,067	1,351,890	1,165,865
Firefighter Activity	39,858	21,223	11,537	49,544	-	8,469	58,013	-	58,013	39,858
Opioid Settlement Fund	29,571	6,417	11,138	24,850	-	-	24,850	-	24,850	29,571
Deines Center Trust Fund	20,568	352	-	20,920	-	-	20,920	-	20,920	20,568
Donations Fund	11,963	2,414	2,107	12,270	-	(150)	12,120	-	12,120	11,962
	<u>28,549,100</u>	<u>35,876,282</u>	<u>34,379,967</u>	<u>30,045,415</u>	<u>424,674</u>	<u>(109,049)</u>	<u>29,511,692</u>	<u>1,881,256</u>	<u>27,630,436</u>	<u>23,953,609</u>

(Excludes Russell Recreation Commission)

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