

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 5, 2024**

**NEW ISSUE  
BOOK-ENTRY ONLY**

**NOT RATED  
BANK QUALIFIED**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, 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; and (3) the Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). Bond Counsel notes that for tax years beginning after December 31, 2022, interest on the Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See "TAX MATTERS" in this Preliminary Official Statement.*

**\$580,000\*  
CITY OF OAKLEY, KANSAS  
GENERAL OBLIGATION BONDS  
SERIES 2024A**

**DATED: As of the Delivery Date shown below**

**DUE: As shown on the inside cover pages**

The General Obligation Bonds, Series 2024A (the "Bonds") will be issued by the City of Oakley, Kansas (the "City" or "Issuer"), as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof (the "Authorized Denomination"). Purchasers will not receive certificates representing their interests in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to the Bond owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Bonds. Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as paying agent and bond registrar (the "Paying Agent" and "Bond Registrar"). Interest payable on each Bond shall be paid to the persons who are the registered owners of the Bonds as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner, or in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Principal of the Bonds will be payable annually on each October 1, beginning October 1, 2025, and semi-annual interest will be payable on April 1 and October 1, beginning on April 1, 2025.

**MATURITY SCHEDULE\***  
(See inside cover page)

The Bonds and the interest thereon will constitute general obligations of the Issuer, payable 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 payment of the principal of, redemption premium, if any, and interest on the Bonds is subject to certain risk factors and investment considerations as described under the caption "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. Certain other legal matters will be passed upon by Steven W. Hirsch, Esq., Oberlin, Kansas, counsel for the Issuer. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about October 9, 2024.

---

**BIDS WILL BE ACCEPTED ON BEHALF OF:  
THE CITY OF OAKLEY, KANSAS  
ON SEPTEMBER 16, 2024 UNTIL 11:00 A.M. CT  
BY RANSON FINANCIAL GROUP, LLC  
200 W. DOUGLAS, SUITE 110  
WICHITA, KANSAS 67202  
PHONE:(316) 264-3400 ~ FAX: (316) 265-5403 ~ EMAIL: [bids@ransonfinancial.com](mailto:bids@ransonfinancial.com)**

---

*THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE PRELIMINARY OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. "APPENDIX C - SUMMARY OF FINANCING DOCUMENTS" CONTAINS DEFINITIONS USED IN THIS PRELIMINARY OFFICIAL STATEMENT.*

*This Preliminary Official Statement and information contained herein are subject to completion or amendment without notice. These securities may not be sold nor an offer to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. 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.*

\* Subject to change.

**\$580,000\***  
**CITY OF OAKLEY, KANSAS**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2024A**

**MATURITY SCHEDULE\***

**SERIAL BONDS**

<b><u>Stated Maturity October 1</u></b>	<b><u>Principal Amount*</u></b>	<b><u>Annual Rate of Interest</u></b>	<b><u>Price or Yield</u></b>	<b><u>CUSIP<sup>(1)</sup> Base:</u></b>
2025	\$65,000	____%	____%	
2026	65,000	____%	____%	
2027	70,000	____%	____%	
2028	70,000	____%	____%	
2029	75,000	____%	____%	
2030	75,000	____%	____%	
2031	80,000	____%	____%	
2032	80,000	____%	____%	

**[TERM BONDS**

<b><u>Stated Maturity October 1</u></b>	<b><u>Principal Amount*</u></b>	<b><u>Annual Rate of Interest</u></b>	<b><u>Price or Yield</u></b>	<b><u>CUSIP<sup>(1)</sup> Base:</u></b>
2032	\$	____%	____%	]

(all plus accrued interest, if any)

<sup>(1)</sup> 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(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. 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.

\* Subject to Change

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 SECURITIES 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 PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS PRELIMINARY OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE “FORWARD-LOOKING STATEMENTS” AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS PRELIMINARY 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.

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.

*(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)*

**\$580,000\***  
**CITY OF OAKLEY, KANSAS**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2024A**

**Governing Body**

Shane Stephenson, Mayor  
Steve Badger, Councilmember  
Leasa Huddle, Councilmember  
Russ Kahle, Councilmember  
Trevor Mader, Councilmember  
Cheryl Stewart, Councilmember

**City Staff**

Brock Sloan, City Administrator  
Leann Hughes, City Clerk

**Bond Counsel**

Gilmore & Bell, P.C.  
Wichita, Kansas

**Paying Agent/Bond Registrar**

Office of State Treasurer  
Topeka, Kansas

**Financial Advisor**

Ranson Financial Group, LLC  
Wichita, Kansas

**Underwriter**

---

---

## TABLE OF CONTENTS

<b>INTRODUCTION .....</b>	<b>1</b>
General Matters .....	1
Definitions .....	1
Continuing Disclosure .....	1
Additional Information .....	1
<b>THE BONDS .....</b>	<b>2</b>
Authority for the Bonds .....	2
Security for the Bonds .....	2
Levy and Collection of Annual Tax, Transfer to Debt Service Account .....	2
Description of the Bonds .....	2
Designation of Paying Agent and Bond Registrar .....	2
Method and Place of Payment of the Bonds .....	2
Payments Due on Saturdays, Sundays and Holidays .....	3
Book-Entry Bonds; Securities Depository .....	3
Registration, Transfer and Exchange of Bonds .....	4
Mutilated, Lost, Stolen or Destroyed Bonds .....	4
Nonpresentation of Bonds .....	4
Redemption Provisions .....	5
<b>THE DEPOSITORY TRUST COMPANY .....</b>	<b>6</b>
<b>RISK FACTORS AND INVESTMENT CONSIDERATIONS .....</b>	<b>7</b>
Legal Matters .....	7
Debt Service Source .....	7
Limitations on Remedies Available to Owners of Bonds .....	8
Taxation of Interest on the Bonds .....	8
Bond Rating .....	8
Secondary Market .....	8
Premium on Bonds .....	8
No Additional Interest or Mandatory Redemption upon Event of Taxability .....	8
Kansas Public Employees Retirement System .....	8
Suitability of Investment .....	9
Cybersecurity Risks .....	9
Natural Disasters or Terrorist Attacks .....	9
Potential Impacts Resulting from Epidemics or Pandemics .....	9
<b>THE IMPROVEMENTS .....</b>	<b>9</b>
<b>SOURCES AND USES OF FUNDS .....</b>	<b>9</b>
<b>BOND RATINGS .....</b>	<b>10</b>
<b>ABSENCE OF LITIGATION .....</b>	<b>10</b>
<b>FINANCIAL ADVISOR .....</b>	<b>10</b>
<b>UNDERWRITING .....</b>	<b>10</b>
<b>LEGAL MATTERS .....</b>	<b>10</b>
Approval of Bonds .....	10
<b>TAX MATTERS .....</b>	<b>10</b>
Opinion of Bond Counsel .....	11
Other Tax Consequences .....	11
<b>MISCELLANEOUS .....</b>	<b>12</b>
<b>AUTHORIZATION OF PRELIMINARY OFFICIAL STATEMENT .....</b>	<b>12</b>
<b>APPENDIX A – INFORMATION CONCERNING THE ISSUER</b>	
<b>APPENDIX B – CITY OF OAKLEY, KANSAS FINANCIAL STATEMENTS AND INDEPENDENT</b>	
<b>AUDITORS’ REPORT FOR YEAR ENDED DECEMBER 31, 2022</b>	
<b>APPENDIX C – SUMMARY OF BOND FINANCING DOCUMENTS</b>	

**\$580,000\***  
**CITY OF OAKLEY, KANSAS**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2024A**

**INTRODUCTION**

**General Matters**

The purpose of this Preliminary Official Statement is to furnish information relating to the City of Oakley, Kansas (the “City” or “Issuer”) and the General Obligation Bonds, Series 2024A (the “Bonds”), dated October 9, 2024 (the “Dated Date”).

The Appendices to this Preliminary Official Statement are integral parts of this document, to be read in their entirety.

The Issuer is a municipal corporation duly organized and existing under the laws of the State of Kansas (the “State”). Additional information regarding the Issuer is contained in *APPENDIX A* to this Official Statement.

The Bonds will be issued pursuant to an ordinance and resolution adopted by the Governing Body of the Issuer and pursuant to the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and statutes of the State.

[The Bonds are subject to optional redemption and payment prior to maturity. See “THE BONDS - Redemption Provisions” herein for additional detail.]

Except for the information expressly attributed to other sources, all information has been provided by the Issuer. The presentation of information herein, including all tables, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Ranson Financial Group LLC, Wichita, Kansas, the Financial Advisor, has assisted in the preparation of the Preliminary Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the City for the purposes of passing upon the accuracy or completeness of this Preliminary Official Statement. Bond Counsel has not assisted in the preparation nor reviewed this Preliminary Official Statement, except to the extent described under the section captioned “LEGAL MATTERS,” and accordingly Bond Counsel 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 APPENDIX C.

**Continuing Disclosure**

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. The Issuer is relying on a provision of the Rule that exempts issues of less than \$1,000,000 aggregate principal amount from the requirements of the Rule and therefore has **not** covenanted to provide continuous secondary market disclosure. However, the Issuer obtains an audit of its annual financial statements by independent auditors, and intends to supply its most recent audited financial statements to the Underwriter and any Bondowner upon written request and reimbursement to the Issuer of the costs of the photocopying and mailing.

**Additional Information**

All of the summaries of statutes, opinions, financial and statistical data, and other related reports and documents described in this Preliminary Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the City Hall, 415 W. 2nd Street, Oakley, Kansas 67748. Additional information regarding the City or the Bonds may be obtained from the City’s Financial Advisor, Ranson Financial Group, LLC, 200 W. Douglas, Suite 110, Wichita, Kansas 67202, Attention: Larry Kleeman, by phone ((316) 264-3400) or e-mail ([larry@citycode.com](mailto:larry@citycode.com)).

\* Subject to change.

## **THE BONDS**

### **Authority for the Bonds**

The Bonds are being issued under the authority of and pursuant to and in full compliance with the Constitution and laws of the State, specifically K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123), and K.S.A. 15-731 as amended by Charter Ordinance Number 29 of the Issuer, all as amended and supplemented from time to time (collectively, the “Act”). The Bonds are further issued pursuant to an ordinance and resolution passed by the governing body of the Issuer on September 16, 2024 (collectively, the “Bond Resolution”) for the purpose of providing permanent financing for the costs related to certain street improvements (the “Improvements”). See “THE IMPROVEMENTS” herein for additional detail.

### **Security for the Bonds**

The Bonds shall be general obligations of the Issuer 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 Issuer are 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 of the Bonds**

The Bonds are issuable as fully registered book-entry only bonds in the denomination of \$5,000 or any integral multiple thereof (the “Authorized Denomination”), and may be numbered in such manner as the Bond Registrar shall determine. The Bonds shall be dated as of the Dated Date, become due in the amounts on the Stated Maturities, without option of prior redemption and payment, and shall bear interest at the rates per annum set forth on the inside cover page of this Preliminary Official Statement (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid, on the Interest Payment Dates in the manner hereinafter set forth.

### **Designation of Paying Agent and Bond Registrar**

The Issuer will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Bond Resolution. The Issuer reserves the right to appoint a successor paying agent or bond registrar. No registration 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 Issuer 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 Issuer 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.

### **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 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.

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 Issuer 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 Issuer 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 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.”**

#### **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 Issuer 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 Issuer 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 Issuer, 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 Issuer, 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 Issuer.



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 Issuer 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.

### **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 Issuer 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 Issuer 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 Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest.

### **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 under this paragraph, 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.

### **Nonpresentation 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.

**Redemption Provisions**

**Optional Redemption.** The Bonds shall not be subject to optional redemption and payment prior to their Stated Maturity.

**[Mandatory Redemption.]** [(a) [ ] Term Bonds. ]The [ ] 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 October 1 in each year, the following principal amounts of such [ ] Term Bonds:

<u>Principal Amount</u>	<u>Redemption Date</u>
\$	*

\*Final Maturity]

(b) [ ] Term Bonds. The [ ] 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 October 1 in each year, the following principal amounts of such [ ] Term Bonds:

<u>Principal Amount</u>	<u>Redemption Date</u>
\$	*

\*Final Maturity]

**Selection of Bonds to be Redeemed.** Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine, Bonds of less than a full Stated Maturity 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 a minimum Authorized Denomination of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem a 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 a minimum Authorized Denomination of face 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 a minimum Authorized Denomination of face 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 Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and the Underwriter. In addition, the Issuer 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 Issuer 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 Issuer 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 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.

### **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 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”). 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](http://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 Note (“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 Participants acting on behalf of Direct and Indirect 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 Notes, 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, Note 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.

## **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 ISSUER 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 Issuer or the taxing authority of the Issuer.

### **Debt Service Source**

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 taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation. See "APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections."

## **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 Issuer 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 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 interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

## **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 Issuer 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 Issuer 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 Issuer 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 Issuer 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.

## **Secondary Market**

There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. The absence of continuing disclosure of financial or other information pertaining to the Issuer may impair the development of a secondary market for the Bonds and could impair the ability of an owner to sell the Bonds in the secondary market. Prices of municipal Bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit market. From time to time it may be necessary to suspend indefinitely secondary market trading in selected issues of municipal 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 subject Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

## **Premium on Bonds**

Any person who purchases 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 of Bonds".

## **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 taxation by the State.

## **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 \$2.089 billion in calendar year 2023.

**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 Preliminary 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.

**Cybersecurity Risks**

Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the City and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If a security breach occurs, the City may incur significant costs to remediate possible injury to the affected persons, and the City may be subject to sanctions and civil penalties. Any failure to maintain proper functionality and security of information systems could interrupt the City’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 City, or natural disasters, such as fires, tornados, earthquakes, floods or droughts, could damage the City and its systems and infrastructure, and interrupt services or otherwise impair operations of the City.

**Potential Impacts Resulting from Epidemics or Pandemics**

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.

**THE IMPROVEMENTS**

The proceeds of the Bonds will be applied to: 1) the cost of certain public street improvements (the “Improvements”); and 2) pay costs of issuance associated with the issuance of the Bonds.

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Amount</u>
Street Improvements – Freeman Avenue	2024-04	15-731, as amended by Charter Ordinance No. 29	\$848,560

**SOURCES AND USES OF FUNDS**

The following table summarizes the sources and uses of funds associated with the issuance of the Bonds (exclusive of accrued interest):

<b>Sources of Funds:</b>	
Principal Amount of the Bonds*	\$580,000.00
<b>Total</b>	<b>\$</b>
<b>Uses of Funds:</b>	
Deposit to Improvement Fund	\$
Underwriter's Discount	
Costs of Issuance	
<b>Total</b>	<b>\$</b>

\* Subject to change.

## BOND RATINGS

The Issuer has **not** applied for a rating on the Bonds herein offered for sale.

## ABSENCE OF LITIGATION

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

At the present time there is no controversy, suit or other proceedings of any kind pending or threatened whereby any question is raised or may be raised questioning or affecting in any way the legal organization of the City or its boundaries or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in the Transcript of proceedings leading up to the issuance of the Bonds, or the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in said Transcript, or the validity of the Bonds or any of the proceedings had in relation to the issuance or sale thereof, or the levying and collection of taxes to pay the principal and interest thereof.

## FINANCIAL ADVISOR

Ranson Financial Group, LLC serves as financial advisor (the "Financial Advisor") to the City. The Financial Advisor is a "municipal advisor" as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has participated in the preparation of this Preliminary Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Preliminary Official Statement. The Financial Advisor's fee is contingent upon the actual issuance and delivery of the Bonds.

## UNDERWRITING

The Bonds have been sold at public sale by the Issuer to [\_\_\_\_\_] (the "Underwriter") on the basis of lowest true interest cost. [ ] bids were received by the Issuer. The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price equal to the principal amount of the Bonds, plus accrued interest from the Dated Date to the Issue Date[, plus a premium of \$ \_\_\_\_\_], less an underwriting discount of \$ \_\_\_\_\_].

The Bonds will be offered to the public initially at the prices determined to produce the yield to maturity set forth on the inside cover page of this Preliminary Official Statement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

## LEGAL MATTERS

### Approval of Bonds

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas ("Bond Counsel"), bond counsel to the Issuer. 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 Preliminary Official Statement captioned "THE BONDS," "LEGAL MATTERS," "TAX MATTERS," and *APPENDIX C*. Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds. Certain legal matters have been passed on for the Issuer by Steven Hirsch, Esq.

## TAX MATTERS

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 at a premium or a discount. 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 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.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the Issuer 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 Issuer 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. 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 actually or constructively 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, certain applicable corporations subject to the corporate alternative minimum tax, 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.

Bond Counsel notes that for tax years beginning after December 31, 2022, the interest on the Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

#### MISCELLANEOUS

The references herein to the Bond Resolution and other documents referred to in this Preliminary Official Statement are brief summaries of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions, reference is made to such documents.

The agreement of the Issuer with the Owners of the Bonds is fully set forth in the Bond Resolution, and neither any advertisement of the Bonds nor this Preliminary Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. So far as any statements are made in this Preliminary Official Statement involving matters of opinion, estimates, projections or forecasts, whether or not expressly stated as such, they are not to be construed as representations of fact. Copies of the documents mentioned under this caption are on file at the offices of the Underwriter and, following delivery of the Bonds, will be on file with the Issuer.

The Appendices attached hereto is an integral part of this Preliminary Official Statement and must be read together with all of the statements.

#### AUTHORIZATION OF PRELIMINARY OFFICIAL STATEMENT

The preparation of this Preliminary Official Statement and its distribution has been authorized by the governing body of the Issuer as of the date on the cover page hereof. This Preliminary Official Statement is submitted in connection with the issuance of the Bonds and may not be reproduced or used as a whole or in part for any other purpose. This Preliminary Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Bonds

CITY OF OAKLEY, KANSAS

By: \_\_\_\_\_  
Shane Stephenson, Mayor

ATTEST:

\_\_\_\_\_  
Leann Hughes, City Clerk

**APPENDIX A**

**INFORMATION CONCERNING THE ISSUER**

\* Subject to change.

## ***APPENDIX A***

### **GENERAL**

#### **Size and Location**

The City of Oakley, Kansas (the “City”) is located in Gove, Logan, and Thomas counties, approximately 211 miles northwest of Wichita and 227 miles east-southeast of Denver, Colorado. The Issuer encompasses approximately 1.89 square miles and has a current estimated population of 1,982 persons.

#### **Government and Organization of the City**

The City is a city of the third class and is governed by a Mayor-Council form of government, with a Mayor and five council members elected at-large to staggered 4 year terms.

The principal officials and officers of the City are as follows:

<b><u>Title</u></b>	<b><u>Name</u></b>	<b><u>Term Expires</u></b>
Mayor	Shane Stephenson	01/2025
Councilmember	Steve Badger	01/2027
Councilmember:	Leasa Huddle	01/2027
Councilmember	Russ Kahle	01/2027
Councilmember	Trevor Mader	01/2025
Councilmember	Cheryl Stewart	01/2025
City Administrator	Brock Sloan	N/A
City Clerk	Leann Hughes	N/A

#### **Management Personnel**

The City Administrator is appointed by the Council and is charged with the efficient and effective administration of the City.

#### **Public Safety**

The City provides police service with a Chief of Police and five sworn officers. Fire protection for the City and surrounding area is provided by the City through a volunteer fire department.

#### **Municipal Services and Other Utilities**

The City provides water, sewer, and refuse services for residents. Electricity and gas services are provided by Midwest Energy. Cable and telephone service is provided by S&T communications and AT&T Kansas. Other various service providers provide telephone and internet services.

#### **Transportation Facilities**

The City is served by U.S. Routes 40, 83, and Interstate 70. The Kansas Pacific Line of the Union Pacific Railroad runs east-west through the City. Oakley Municipal Airport, located southeast of the City, hosts general aviation.

#### **Educational Institutions and Facilities**

The City is served by the Unified School District No. 274 (Oakley) which operates one elementary school, one middle school and one high school. The district has a full-time equivalent enrollment of approximately 399 students for the 2023-2024 school year.

There is also one Catholic school in the City, St. Joseph School (Pre-K through 5th grade).

Fort Hays State University is located about 84 miles from the City. The University comprises five colleges, which together have 31 departments and offer more than 60 academic majors for undergraduates and 20 for graduate students. The following universities or colleges offering bachelor's or advanced degrees are also located in the region:

<u>Name</u>	<u>Location</u>	<u>Estimated Distance from City (in Miles)</u>	<u>Estimated Enrollment (FTE)</u>
Colby Community College	Colby, KS	27	1,002
Fort Hays State University	Hays, KS	84	7,718
Barton County Community College	Great Bend, KS	125	3,063
University of Nebraska at Kearney	Kearney, NE	144	3,937
Hutchinson Community College	Hutchinson, KS	175	3,289
Central Community College	Grand Island, NE	180	1,752
Colorado State University-Pueblo	Pueblo, CO	209	2,916

### **Medical and Health Facilities**

The City is served by Logan County Hospital which is located within the City. The facility provides care for short-term, long-term illness, and services to help promote better family health.

### **Recreational, Cultural and Religious Facilities**

Various recreational facilities are available for the City's residents including public parks and a public library. There is also a country club, Logan county fairgrounds, Buffalo Bill Cultural Center, and Fick Fossil and History Museum, located within or around the City.

The City has nine churches that serve the community.

## **FINANCIAL INFORMATION**

### **Accounting, Budgeting and Auditing Procedures**

The City follows a statutory basis of accounting which is designed to show compliance with cash basis and budget laws of Kansas. The City has received a GAAP Waiver from the State of Kansas.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is 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 budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the City prior to August 25 of each year (or October 1 if the City must conduct a public hearing to levy taxes in excess of its revenue neutral rate described below). Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser. In 2021, the Kansas Legislature passed legislation (the "Revenue Neutral Tax Act") that repeals the "tax lid" (formerly K.S.A. 79 2925c) and provides that, beginning January 1, 2021, a taxing subdivision (which includes any political subdivision of the State that levies an ad valorem property tax, including the City) is not authorized to levy a property tax rate in excess of its revenue neutral rate without first providing notice, holding a public hearing, and authorizing such property tax rate by majority vote of its governing body. The revenue neutral rate means the tax rate for the current tax year that would generate the same property tax revenue as levied the previous tax year using the current tax year's total assessed valuation.

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must notify the county clerk by July 20 of the taxing subdivision's intent to exceed the revenue neutral rate and provide to the county clerk the date, time and location of the related public hearing and the taxing subdivision's proposed tax rate. The county clerk is required to provide notice of such intent to exceed the revenue neutral rate to each taxpayer with property in the taxing subdivision at least 10 days in advance of the public hearing along with following information: (1) the revenue neutral rate of each taxing subdivision relevant to the taxpayer's property; (2) the proposed property tax revenue needed

to fund the proposed budget of the taxing subdivision; (3) the proposed tax rate based upon the proposed budget and the current year's total assessed valuation of the taxing subdivision; (4) the percentage by which the proposed tax rate exceeds the revenue neutral rate; (5) the tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement; (6) the appraised value and assessed value of the taxpayer's property for the current year; (7) the estimates of the tax for the current tax year on the taxpayer's property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates; (8) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate on the taxpayer's property described in subparagraph (7) for any taxing subdivision that has a proposed tax rate that exceeds its revenue neutral rate; and (9) the date, time and location of the public hearing of the taxing subdivision. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the county clerk's notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by governing body approval of a resolution or ordinance, and thereafter the taxing subdivisions will hold the public hearing and adopt the budget by majority vote of its governing body. The amount of tax to be levied and the adopted budget must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.

The City cannot predict the impact of the Revenue Neutral Tax Act on any general rating of the City. A change in the general rating of the City may adversely impact the market price of the Bonds in the secondary market.

Kansas law prohibits governmental units from creating indebtedness unless there are funds on hand in the proper accounts and unencumbered by previous action with which to pay such indebtedness. An exception to this cash-basis operation is made where provision has been made for payment of obligations by bonds or other specific debt obligations authorized by law.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Adams Brown, LLC, Hays, Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audited financial statements for the Fiscal Year ended December 31, 2022 is attached hereto as **APPENDIX B**.

The financial information contained in the Appendices to this Official Statement are an integral part of this document and are intended to be read in conjunction herewith.

## **Property Valuations**

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties under the direction of state statutes. The County Appraiser's office determines the fair market value of all taxable property within the County and the assessed valuation thereof that is to be used as a basis for the mill levy on property located in the City.

Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not for profit organization not subject to federal income taxation, pursuant to Code §501, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 30%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven year straight line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary,

educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

The Kansas Legislature (the "Legislature") reduced the applicable assessment rates on motor vehicles from 30% of market value to 20% of market value as of January 1, 2000.

The 2006 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.

The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the City's property tax collections. If a taxpayer valuation challenge is successful, the liability of the City to refund property taxes previously paid under protest may have a material impact on the City's financial situation.

**Assessed Valuation**

The following table shows the assessed valuation of the taxable tangible property within the City for the following years:

**GOVE COUNTY**

<u>Levy Year</u>	<u>Budget Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2024	2025	\$346,335 <sup>(1)</sup>	\$22,138 <sup>(1)</sup>	\$2,839 <sup>(1)</sup>	\$20,031 <sup>(3)</sup>	\$391,343
2023	2024	346,335 <sup>(2)</sup>	22,627 <sup>(2)</sup>	2,839 <sup>(2)</sup>	20,031	391,832
2022	2023	346,335	22,946	5,512	30,171	404,964
2021	2022	386,838	22,780	2,059	23,525	435,202
2020	2021	419,337	33,707	33,707	18,187	504,938
2019	2020	346,335	22,627	2,497	19,948	391,407

<sup>(1)</sup> Preliminary valuation figures as of July 15, 2024, used for budgeting purposes.  
<sup>(2)</sup> Final valuation figures as of November 1, 2023.  
<sup>(3)</sup> Motor vehicle valuation for 2024 is not yet available. Motor vehicle valuation for 2023 was used for estimation purposes.

Source: Gove County Clerk

**LOGAN COUNTY**

<u>Levy Year</u>	<u>Budget Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Other</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2024	2025	\$16,787,378 <sup>(1)</sup>	\$198,911 <sup>(1)</sup>	\$1,007,319 <sup>(1)</sup>	\$20,058 <sup>(1)</sup>	\$2,963,558 <sup>(3)</sup>	\$20,977,224
2023	2024	16,222,752 <sup>(2)</sup>	186,909 <sup>(2)</sup>	1,019,462 <sup>(2)</sup>	16,875 <sup>(2)</sup>	2,963,558	20,409,556
2022	2023	15,308,165	142,236	1,043,458	18,116	2,883,552	19,395,527
2021	2022	13,330,293	128,642	1,079,794	17,092	2,956,471	17,512,292
2020	2021	13,315,309	145,502	1,087,190	34,465	2,797,763	17,380,229
2019	2020	13,345,553	166,186	1,084,629	62,813	2,813,580	17,472,761

<sup>(1)</sup> Preliminary valuation figures as of July 15, 2024, used for budgeting purposes.  
<sup>(2)</sup> Final valuation figures as of November 1, 2023.  
<sup>(3)</sup> Motor vehicle valuation for 2024 is not yet available. Motor vehicle valuation for 2023 was used for estimation purposes.

Source: Logan County Clerk

**THOMAS COUNTY**

<u>Levy Year</u>	<u>Budget Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2024	2025	\$307,731 <sup>(1)</sup>	\$873 <sup>(1)</sup>	\$5,591 <sup>(1)</sup>	\$65,336 <sup>(3)</sup>	\$379,531
2023	2024	279,204 <sup>(2)</sup>	4,937 <sup>(2)</sup>	6,015 <sup>(2)</sup>	65,336	355,492
2022	2023	276,862	902	6,372	58,084	342,220
2021	2022	256,788	1,002	6,877	53,427	318,094
2020	2021	256,859	1,113	6,389	50,307	314,668
2019	2020	260,295	1,237	5,962	69,623	337,117

<sup>(1)</sup> Preliminary valuation figures as of July 15, 2024, used for budgeting purposes.

<sup>(2)</sup> Final valuation figures as of November 1, 2023.

<sup>(3)</sup> Motor vehicle valuation for 2024 is not yet available. Motor vehicle valuation for 2023 was used for estimation purposes.

Source: Thomas County Clerk

**TOTAL**

<u>Levy Year</u>	<u>Budget Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Other</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2024	2025	\$17,441,444	\$221,922	\$1,015,749	\$20,058	\$3,048,925	\$21,748,098
2023	2024	16,848,291	214,473	1,028,316	16,875	3,048,925	21,156,880
2022	2023	15,931,362	166,084	1,055,342	18,116	2,971,807	20,142,711
2021	2022	13,973,919	152,424	1,088,730	17,092	3,033,423	18,265,588
2020	2021	13,991,505	180,322	1,127,286	34,465	2,866,257	18,199,835
2019	2020	13,952,183	190,050	1,093,088	62,813	2,903,151	18,201,285

**Property Tax Levies and Collections**

**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 considered delinquent and accrue interest at a per annum rate established by State law until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale on or before August 1 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 taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, and after written notice, warrants are issued and placed in the hands of the Sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

Motor vehicle taxes are collected periodically throughout the year concurrently with the renewal of motor vehicle tags 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.

**Tax Rates.** The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser. The following table shows the City's mill levies by fund (per \$1000 of assessed valuation) for each of the years indicated and the current year

<u>Levy Year</u>	<u>Budget Year</u>	<u>General</u>	<u>Bond &amp; Interest</u>	<u>Library</u>	<u>Thomas &amp; Gove Co. Total Levy</u>	<u>Oakley Township</u>	<u>Logan Co. Total Levy</u>
2023	2024	72.839	2.569	11.000	86.408	2.006	88.414
2022	2023	70.188	2.2234	10.990	83.412	2.371	85.783
2021	2022	70.504	2.410	11.000	83.914	2.706	86.620
2020	2021	66.914	2.468	11.000	80.382	2.763	83.145
2019	2020	66.415	1.968	10.842	79.225	2.495	81.720

Source: Gove, Logan, Thomas County Clerks

**Aggregate Tax Levies.** The aggregate tax levies (per \$1000 assessed valuation) of the City for Gove County and overlapping jurisdictions for the years indicated are included in the following table:

<u>Tax Year</u>	<u>Budget Year</u>	<u>City</u>	<u>Gove County</u>	<u>USD No. 274<sup>(1)</sup></u>	<u>State</u>	<u>Township</u>	<u>Golden Prairie Extension District</u>	<u>Gove Co. Total</u>
2023	2024	86.408	82.018	50.517	1.500	0.583	1.987	223.013
2022	2023	83.412	78.117	48.319	1.500	0.578	1.915	213.841
2021	2022	83.914	79.794	51.935	1.500	0.578	2.127	219.848
2020	2021	80.382	79.719	49.693	1.500	0.581	2.126	214.001
2019	2020	79.225	78.943	50.527	1.500	0.565	2.242	213.002

<sup>(1)</sup> Includes levy for general, supplemental general, capital outlay, and recreation commission.

Source: Gove County Clerk

**Aggregate Tax Levies.** The aggregate tax levies (per \$1000 assessed valuation) of the City for Logan County and overlapping jurisdictions for the years indicated are included in the following table:

<u>Year</u>	<u>Year</u>	<u>City</u>	<u>Logan County</u>	<u>USD No. 274<sup>(1)</sup></u>	<u>State</u>	<u>Extension District 12</u>	<u>Total</u>
2023	2024	88.414	63.372	50.517	1.500	1.987	205.790
2022	2023	85.783	56.798	48.319	1.500	1.915	194.315
2021	2022	86.620	60.027	51.935	1.500	2.127	202.209
2020	2021	83.145	61.330	49.693	1.500	2.126	197.794
2019	2020	81.720	59.216	50.527	1.500	2.242	195.205

<sup>(1)</sup> Includes levy for general, supplemental general, capital outlay, and recreation commission.

Source: Logan County Clerk

**Aggregate Tax Levies.** The aggregate tax levies (per \$1000 assessed valuation) of the City for Thomas County and overlapping jurisdictions for the years indicated are included in the following table:

<u>Tax Year</u>	<u>Budget Year</u>	<u>City</u>	<u>Thomas County</u>	<u>USD No. 274<sup>(1)</sup></u>	<u>State</u>	<u>Colby Community College</u>	<u>South Randall Township General</u>	<u>Total</u>
2023	2024	86.408	44.802	50.517	1.500	39.869	2.516	225.612
2022	2023	83.412	44.467	48.319	1.500	40.718	2.412	220.828
2021	2022	83.914	44.409	51.935	1.500	41.145	2.462	225.365
2020	2021	80.382	41.445	49.693	1.500	41.193	2.349	216.561
2019	2020	79.225	44.660	50.527	1.500	44.011	1.505	221.428

<sup>(1)</sup> Includes levy for general, supplemental general, capital outlay, and recreation commission.

Source: Thomas County Clerk

**Tax Collection Record.** The following table sets forth tax collection information (not including special assessments) for the City for the years indicated:

<u>Levy Year</u>	<u>Collection Year</u>	<u>Total Taxes Levied (\$)</u>	<u>Current Taxes Collected (\$)</u>	<u>Current Taxes Collected (%)</u>	<u>Delinquent Taxes Collected (\$)</u>	<u>Total Taxes Collected (%)</u>
2023	2024	\$1,459,329	\$1,415,365	97.02%	\$ 450	97.02%
2022	2023	1,332,236	1,311,452	98.44%	2,898	98.66%
2021	2022	1,175,754	1,163,867	98.99%	4,965	99.41%
2020	2021	1,125,554	1,120,449	99.55%	1,122	99.65%
2019	2020	1,111,033	1,107,684	99.70%	1,027	99.79%

Source: Gove, Logan, and Thomas County Clerks



**Major Taxpayers.** The following table sets forth the ten largest taxpayers in the City based on total assessed valuation and total taxes levied in the most recent tax collection period (2023/24):

	<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
1.	Midwest Energy	\$534,884	\$110,106
2.	Nivedita International	531,546	109,386
3.	Oakley Ag Center	424,492	87,356
4.	Colby Implement	411,080	84,596
5.	Mitten Inc	360,297	80,350
6.	Union Pacific	338,077	69,572
7.	ADM Grain	272,280	56,032
8.	Frontier AG Inc	246,488	50,724
9.	Thompson Bros LLC	201,523	40,857
10.	Farmers State Bank	189,201	38,935

Source: County Clerk

### **Pension and Employee Retirement Plans**

The City 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, 2023, KPERS serves approximately 323,000 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 City’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 2022 Valuation Report referenced below.

The City’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 City’s contribution is 9.26% of the employee’s gross salary for calendar

year 2024, and is projected to change to 9.71% of the employee's gross salary for calendar year 2025. In addition, the City 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, 2023 (the "2023 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$2.089 billion at the end of 2023. The amount of the UAAL in 2023 changed from the previous year's amount due to the factors discussed in the 2023 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 2023 Valuation Report is available on the KPERS website at [kpers.org/about/reports](http://kpers.org/about/reports). The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2023 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 2023 Valuation Report sets the employer contribution rate for the period beginning January 1, 2026, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 9.59% 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 2023 Valuation Report. The statutory contribution rate of employers currently equals the 2023 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 City has not implemented GASB 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB 27, because the City's financial statements are prepared on a regulatory basis of accounting which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. KPERS, however, has implemented GASB 67 – Financial Reporting for Pension Plans – An Amendment of GASB Statement 25, and is required annually to provide its participants the proportional share of the net pension liability of KPERS allocated to each participant as of the end of the prior fiscal year. The KPERS' Schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer (the "GASB 68 Report") provides the net pension liability allocated to each KPERS participant, including the City. The GASB 68 Report is available on the KPERS website at [kpers.org/about/reports.html](http://kpers.org/about/reports.html). Because the City has not implemented GASB 68, the net pension liability calculated by KPERS for the City is not reflected as a liability on the City's financial statements. The City has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. It is important to note that under existing State law, the City has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

### **Employee Relations**

The City has 27 full-time and 29 part-time employees. Employee relations are characterized as good.

### **Risk Management**

The City is insured against the risks arising from general liability by Employer's Mutual Company and employee medical coverage by Blue Cross & Blue Shield of Kansas.

**CITY’S AUTHORITY TO INCUR DEBT**

Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations <sup>(1)(2)</sup> .....	\$21,748,098
Legal limitation of Bonded Debt <sup>(3)</sup> .....	\$6,524,429
Outstanding general obligation debt anticipated as of October 9, 2024 <sup>(4)</sup> .....	\$580,000
Exempt Debt .....	\$580,000
Net Debt against Statutory Debt limit capacity .....	\$0
Additional debt capacity .....	\$6,524,429
Direct debt per capita (population 1,982) .....	\$292
Overlapping Indebtedness.....	\$2,838,153
Direct and overlapping debt.....	\$3,418,153
Direct and overlapping debt per capita .....	\$1,724
Direct debt as a percentage of Assessed Valuation.....	2.67%
Direct and overlapping debt as a percentage of Assessed Valuation .....	15.72%
Statutory direct debt as a percentage of Equalized Assessed Valuation .....	0.00%

<sup>(1)</sup> The assessed value of all tangible taxable property within the City, as certified to the County Clerk on the preceding August 25. Also includes the taxable value of motor vehicles within the City. See K.S.A. 10-301 *et seq.*

<sup>(2)</sup> Motor vehicle valuation for 2024 is not yet available. Motor vehicle valuation for 2023 was used for estimation purposes.

<sup>(3)</sup> See K.S.A. 10-301 *et seq.*

<sup>(4)</sup> Includes the Bonds, subject to change.

**Overlapping Indebtedness**

The following table sets forth overlapping indebtedness as of October 9, 2024, and the percent attributable (on the basis of assessed valuation not including motor vehicle valuation) to the City:

<u>Taxing Jurisdiction</u>	<u>2023 Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness<sup>(1)</sup></u>	<u>Percent Applicable to The City</u>	<u>Amount Applicable to The City</u>
Gove County	\$ 80,262,632	\$ 0	23.30%	\$ 0
Logan County	71,330,217	640,000	26.21%	167,776
Thomas County	157,450,010	22,485,000	11.88%	2,670,377
U.S.D. No. 274	63,435,992	0	29.48%	0
<b>TOTAL</b>				<b>\$2,838,153</b>

<sup>(1)</sup> Revenue bonds and capital leases are not considered a general obligation indebtedness under Kansas law and are not included in the total stated herein for underlying indebtedness.

Source: County Clerk

**DEBT STRUCTURE OF THE CITY**

**Current Indebtedness of the City**

The following table sets forth as of the issue date of the Notes all of the outstanding obligations of the City:

<b>GENERAL OBLIGATION BONDS (As of October 9, 2024)</b>						
<u>Description of Indebtedness</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Exempt From Debt Limit</u>	<u>% Exempt from Debt Limit</u>
General Obligation Bonds <sup>(1)</sup>	2024A	10/01/2032	\$580,000	\$580,000	\$580,000	100.00%

<sup>(1)</sup> This Issue.

**TEMPORARY NOTES**

As of October 9, 2024, the City had no temporary notes outstanding.

**CERTIFICATES OF PARTICIPATION**

As of October 9, 2024, the City had no certificates of participation outstanding.

**REVENUE BONDS OUTSTANDING**

As of October 9, 2024, the City had no revenue bonds outstanding.

**CAPITAL LEASE OBLIGATIONS  
(As of October 9, 2024)**

<u>Description</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
2019 CAT Wheel Loader	2019	12/16/2024	\$122,327	\$ 26,031
2007 Landfill Compactor	2020	11/16/2025	217,000	<u>91,073</u>
TOTAL				\$117,104

**LOAN OBLIGATIONS  
(As of October 9, 2024)**

<u>Description</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
KDHE Project No. C20 1783-01	2010	03/01/2031	\$1,563,221	\$ 582,481
KDHE Project No. C20 3031-01	2021	03/01/2043	731,730	<u>478,332</u>
TOTAL				\$1,060,813

**PUBLIC BUILDING COMMISSION REVENUE BONDS OUTSTANDING**

As of October 9, 2024, the City had no public building commission revenue bonds outstanding.

**Debt Payment Record**

The City has never been delinquent in any payments of its debt agreements.

**Future Indebtedness**

The City will be constructing a new \$6 million treatment plant, however the exact scope, timing, and financing of the project have not been determined.

Periodically, the City will complete issues to: 1) finance public infrastructure needs with ongoing temporary note financing and eventually bonded indebtedness; 2) lease small equipment and such leases may or may not have a purchase option in accordance with the terms of said lease; and 3) will refinance or refund outstanding debt as needed when sufficient savings can be achieved. Other than the potential projects listed above, the City does not have any plans to issue additional debt at this time.

**ECONOMIC INFORMATION CONCERNING THE CITY**

**Population Trends**

The following table shows the approximate population of the County and the City in the years indicated:

<u>Year</u>	<u>Gove County Population</u>	<u>Logan County Population</u>	<u>Thomas County Population</u>	<u>City Population</u>
2023	2,735	2,665	7,865	1,982
2022	2,717	2,705	7,893	2,011
2021	2,755	2,722	7,877	2,026
2020	2,718	2,762	7,930	2,046
2019	2,636	2,794	7,777	2,075
2010	2,695	2,756	7,900	2,045

Source: State of Kansas – Division of Budget (2018-2019, 2021-2022); U.S. Census Bureau (2010, 2020)

## Labor Force

The following table sets forth labor force figures for the County, and the State of Kansas:

### GOVE COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2023	1,306	1,276	30	2.3%
2022	1,370	1,341	29	2.1%
2021	1,465	1,437	28	1.9%
2020	1,465	1,423	42	2.9%
2019	1,480	1,449	31	2.1%

### LOGAN COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2023	1,636	1,607	29	1.8%
2022	1,607	1,577	30	1.9%
2021	1,632	1,606	26	1.6%
2020	1,614	1,573	41	2.5%
2019	1,625	1,592	33	2.0%

### THOMAS COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2023	4,216	4,137	79	1.9%
2022	4,247	4,165	82	1.9%
2021	4,259	4,181	78	1.8%
2020	4,230	4,108	122	2.9%
2019	4,320	4,223	97	2.2%

### STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2023	1,510,988	1,470,936	40,052	2.7%
2022	1,504,932	1,464,834	40,098	2.7%
2021	1,495,665	1,447,323	48,342	3.2%
2020	1,497,013	1,409,003	88,010	5.9%
2019	1,491,808	1,445,043	46,922	3.1%

Currently, the Kansas Department of Labor estimates an unemployment rate of 3.4% for Gove County, 3.0% for Logan County, 3.1% for Thomas County, and 4.1% for the State of Kansas for the month of July 2024.

Source: Kansas Statistical Abstract (2019 – 2020 data); Kansas Department of Labor (2021 – 2023 data and July 2024 estimate)

## Retail Sales and Use Tax Collections

The following table lists State of Kansas sales tax collections for the years indicated for sales occurring in the following counties in Kansas:

### GOVE COUNTY

<u>Year</u>	<u>Sales and Use Tax Collections</u>	<u>Per Capita Sales and Use Tax</u>
2022	\$4,684,862	\$1,601.08
2021	4,262,707	1,440.68
2020	3,577,551	1,362.54
2019	3,685,071	1,384.52
2018	3,457,804	1,067.68 <sup>(1)</sup>

<sup>(1)</sup> Use tax collections not included.

### LOGAN COUNTY

<u>Year</u>	<u>Sales and Use Tax Collections</u>	<u>Per Capita Sales and Use Tax</u>
2022	\$3,794,978	\$1,317.21
2021	3,221,754	1,050.88
2020	2,608,614	985.11
2019	2,837,548	1,025.19
2018	2,836,373	825.18 <sup>(1)</sup>

<sup>(1)</sup> Use tax collections not included.

### THOMAS COUNTY

<u>Year</u>	<u>Sales and Use Tax Collections</u>	<u>Per Capita Sales and Use Tax</u>
2022	\$17,457,137	\$2,049.38
2021	15,316,920	1,820.87
2020	13,527,998	1,855.76
2019	17,209,318	2,297.02
2018	14,585,165	1,438.17 <sup>(1)</sup>

<sup>(1)</sup> Use tax collections not included.

Source: Kansas Statistical Abstract

Effective July 1, 2015, the statewide sales and use tax was increased to 6.50%. For sales of food and food ingredients, beginning January 1, 2023, the State sales and use tax rate was reduced to 4%, beginning January 1, 2024, such rate is scheduled to be reduced to 2%, and beginning January 1, 2025, such rate is scheduled to be reduced to 0%. During such times, the State sales and use tax rate on non-food and non-food ingredients sales is scheduled to remain at 6.50%.

## Oil Production

The oil production (in number of barrels) for the years listed is indicated in the following table:

### GOVE COUNTY

<u>Year</u>	<u>Oil Production</u>
2024 <sup>(1)</sup>	202,491
2023	547,046
2022	573,128
2021	484,052
2020	519,799

**LOGAN COUNTY**

<u>Year</u>	<u>Oil Production</u>
2024 <sup>(1)</sup>	173,410
2023	451,024
2022	477,514
2021	516,242
2020	563,870

**THOMAS COUNTY**

<u>Year</u>	<u>Oil Production</u>
2024 <sup>(1)</sup>	101,631
2023	247,050
2022	266,747
2021	353,461
2020	563,904

<sup>(1)</sup> Data as of May 2024

Source: Kansas Geological Survey

**Financial and Banking Institutions**

There are currently three banks, with five different branch locations, located in Gove County, three banks, with four different branch locations, located in Logan County, and eight banks, with ten different branch locations, located in Thomas County. During a five-year period, bank deposits of the Counties' banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)		
	<u>Gove County</u>	<u>Logan County</u>	<u>Thomas County</u>
2023	\$166,330	\$257,394	\$607,607
2022	158,609	237,992	488,242
2021	150,675	200,707	447,597
2020	136,148	182,237	406,102
2019	119,000	160,000	342,000

Source: Kansas Statistical Abstract (2019 data); FDIC (2020 - 2023 data)

**Personal Income Trends**

The following table lists the County personal and per capita income and State of Kansas per capita income for the years indicated:

<u>Year</u>	<u>Gove County</u> <u>Personal Income (\$000)</u>	<u>Logan County</u> <u>Personal Income (\$000)</u>	<u>Thomas County</u> <u>Personal Income (\$000)</u>
2022	\$198,325	\$161,932	\$431,531
2021	190,125	172,742	406,284
2020	160,273	157,724	396,320
2019	175,038	150,316	408,607
2018	149,121	128,019	360,321

  

<u>Year</u>	<u>Gove County</u> <u>Per Capita Income</u>	<u>Logan County</u> <u>Per Capita Income</u>	<u>Thomas County</u> <u>Per Capita Income</u>	<u>State Per</u> <u>Capita Income</u>
2022	\$72,994	\$59,864	\$54,673	\$60,424
2021	69,011	63,461	51,579	58,924
2020	61,150	57,732	51,457	56,099
2019	66,403	53,800	52,540	53,426
2018	57,091	45,656	46,960	51,139

Source: U.S. Bureau of Economic Analysis

**\$580,000\***  
**CITY OF OAKLEY, KANSAS**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2024A**

**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED DECEMBER 31, 2022**

\* Subject to change.



**CITY OF OAKLEY, KANSAS**

Primary Government Financial Statement  
With Independent Auditors' Report

For the Year Ended December 31, 2022

**CITY OF OAKLEY, KANSAS**  
 Primary Government Financial Statement With Independent Auditors' Report  
 For the Year Ended December 31, 2022

**TABLE OF CONTENTS**

Independent Auditors' Report .....	1
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis .....	4
Notes to Financial Statement.....	6
<b>Regulatory–Required Supplementary Information</b>	
Schedule 1 – Summary of Expenditures – Actual and Budget – Regulatory Basis .....	16
Schedule 2 – Schedule of Receipts and Expenditures – Regulatory Basis Individually presented by fund	
<b>Regulatory Basis Fund Types</b>	
<b>General Fund</b>	
2-1 General Fund.....	17
<b>Special Purpose Funds</b>	
2-2 Library Fund.....	20
2-3 Special Highway Fund.....	21
2-4 Special Parks and Recreation Fund .....	22
2-5 Convention and Tourism Fund .....	23
2-6 Equipment Reserve Fund .....	24
2-7 Capital Improvement Fund .....	25
2-8 Capital Improvement – Streets Fund.....	26
2-9 911 Fund.....	27
2-10 Law Enforcement VIN Fund .....	28
2-11 Airport Grant Fund .....	29
2-12 SPARK – Covid Fund .....	30
2-13 CDBG-CV Fund .....	31
2-14 American Rescue Plan Fund .....	32
2-15 Opioids Settlement Fund .....	33
<b>Bond and Interest Fund</b>	
2-16 Bond and Interest Fund .....	34
<b>Capital Project Fund</b>	
2-17 Wastewater Treatment Plant Fund.....	35
<b>Business Funds</b>	
2-18 Water Utility Fund .....	36
2-19 Water Reserve Fund .....	38
2-20 Sanitation Utility Fund.....	39
2-21 Sanitation Reserve Fund .....	40
<b>Trust Funds</b>	
2-22 Museum Fund.....	41
2-23 Museum Store Fund .....	42
2-24 Cemetery Trust Fund.....	43
2-25 Special Law Enforcement Fund.....	44
2-26 Prosecutor's Charitable Trust Fund.....	45

**CITY OF OAKLEY, KANSAS**  
Primary Government Financial Statement With Independent Auditors' Report  
For the Year Ended December 31, 2022

---

**TABLE OF CONTENTS (continued)**

<b>Related Municipal Entity</b>	
2-27 Library - General Fund .....	46
2-28 Library - Capital Improvement Fund .....	47
 Schedule 3 – Summary of Receipts and Disbursements	
Agency Funds.....	48

## INDEPENDENT AUDITORS' REPORT

To the City Council  
**City of Oakley, Kansas**  
Oakley, Kansas

### **Adverse and Unmodified Opinions**

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

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2022, or changes in financial position and cash flows thereof for the year then ended.

#### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### **Basis for Adverse and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 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 this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the 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 GAAS 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 GAAS, 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 fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statement or to the 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated August 15, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/accountsreports/local-government/municipal-services>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2021, on the basis of accounting described in Note 1.



**ADAMSBROWN, LLC**

Certified Public Accountants

Hays, Kansas

August 7, 2023

**CITY OF OAKLEY, KANSAS**  
Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>Regulatory Basis Fund Types</b>							
<b>General Fund</b>	\$ 359,524	586	3,003,331	3,013,343	<b>350,098</b>	63,508	<b>413,606</b>
<b>Special Purpose Funds</b>							
Library Fund	6,982	-	189,619	194,553	<b>2,048</b>	-	<b>2,048</b>
Special Highway Fund	81,778	-	54,845	58,299	<b>78,324</b>	354	<b>78,678</b>
Special Parks and Recreation Fund	15,598	-	76,060	33,700	<b>57,958</b>	-	<b>57,958</b>
Convention and Tourism Fund	78,873	-	126,071	124,759	<b>80,185</b>	-	<b>80,185</b>
Equipment Reserve Fund	220,609	34,135	100,000	-	<b>354,744</b>	-	<b>354,744</b>
Capital Improvement Fund	899,818	-	30,000	19,677	<b>910,141</b>	8,250	<b>918,391</b>
Capital Improvement - Streets Fund	208,104	-	284,696	219,230	<b>273,570</b>	-	<b>273,570</b>
911 Fund	412,691	-	125,509	73,024	<b>465,176</b>	12	<b>465,188</b>
Law Enforcement VIN Fund	2,053	-	240	-	<b>2,293</b>	-	<b>2,293</b>
Airport Grant Fund	(36,630)	-	415,049	385,578	<b>(7,159)</b>	7,159	-
American Rescue Plan Fund	158,401	-	162,171	-	<b>320,572</b>	-	<b>320,572</b>
Opioids Settlement Fund	-	-	504	-	<b>504</b>	-	<b>504</b>
<b>Bond and Interest Fund</b>							
Bond and Interest Fund	10,388	-	55,085	56,653	<b>8,820</b>	-	<b>8,820</b>
<b>Capital Project Fund</b>							
Wastewater Treatment Plant Fund	-	-	637,669	644,143	<b>(6,474)</b>	1,000	<b>(5,474)</b>
<b>Business Funds</b>							
Water Utility Fund	632,763	-	811,085	577,845	<b>866,003</b>	3,811	<b>869,814</b>
Water Reserve Fund	177,224	-	90,000	88,599	<b>178,625</b>	7,500	<b>186,125</b>
Sanitation Utility Fund	389,836	5,000	824,943	819,071	<b>400,708</b>	976	<b>401,684</b>
Sanitation Reserve Fund	508,211	-	179,180	393,534	<b>293,857</b>	260,606	<b>554,463</b>
<b>Trust Funds</b>							
Museum Fund	17,287	-	12,291	12,317	<b>17,261</b>	-	<b>17,261</b>
Museum Store Fund	73,250	-	7,905	5,204	<b>75,951</b>	275	<b>76,226</b>
Cemetery Trust Fund	6,500	-	-	-	<b>6,500</b>	-	<b>6,500</b>
Special Law Enforcement Fund	3,567	-	-	-	<b>3,567</b>	-	<b>3,567</b>
Prosecutor's Charitable Trust Fund	1,720	-	600	850	<b>1,470</b>	-	<b>1,470</b>
<b>Total Primary Government</b>	<b>\$ 4,228,547</b>	<b>39,721</b>	<b>7,186,853</b>	<b>6,720,379</b>	<b>4,734,742</b>	<b>353,451</b>	<b>5,088,193</b>

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

**CITY OF OAKLEY, KANSAS**  
Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>Related Municipal Entity</b>							
Library - General Fund	\$ 183,204	-	206,558	205,637	<b>184,125</b>	-	<b>184,125</b>
Library - Capital Improvement Fund	121,328	-	7,759	-	<b>129,087</b>	-	<b>129,087</b>
<b>Total Related Municipal Entity</b>	<b>304,532</b>	<b>-</b>	<b>214,317</b>	<b>205,637</b>	<b>313,212</b>	<b>-</b>	<b>313,212</b>
<b>Total Primary Government (Excluding Agency Funds)</b>	<b>\$ 4,533,079</b>	<b>39,721</b>	<b>7,401,170</b>	<b>6,926,016</b>	<b>5,047,954</b>	<b>353,451</b>	<b>5,401,405</b>
<b>Composition of Cash</b>							
					Certificates of Deposits	\$	<b>1,802,404</b>
					Checking Accounts		<b>3,317,754</b>
					Petty Cash		<b>1,402</b>
					Total Primary Government		<b>5,121,560</b>
					Total Related Municipal Entity		<b>313,212</b>
					Agency Funds per Schedule 3		<b>(33,367)</b>
					<b>Total Primary Government (Excluding Agency Funds)</b>	<b>\$</b>	<b>5,401,405</b>

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



## CITY OF OAKLEY, KANSAS

Notes to Financial Statement

December 31, 2022

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**City of Oakley, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

#### **Financial Reporting Entity**

The City is a municipal corporation governed by an elected mayor and five elected council members. This financial statement presents the City (the municipality) and its related municipal entity, Oakley Public Library, shown below. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entity, Oakley Housing Authority, shown below.

#### **Oakley Public Library**

The Oakley Public Library Board is organized under Kansas statutes for the purpose of operating a public library for the benefit of the City. The Board's members are appointed by the City Council. The City substantially funds the Board's operations by levying tax dollars for the Library. The financial information for the Oakley Public Library is included in the audited financial statement of the City.

#### **Oakley Housing Authority**

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Unaudited financial statements can be obtained by contacting the housing authority's office.

#### **Basis of Presentation – Fund Accounting**

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2022.

#### **Regulatory Basis Fund Types**

**General Fund** – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

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

**Bond and Interest Fund** – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

**Capital Project Fund** – used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statement  
December 31, 2022

---

**Business Fund** – fund financed in whole or in part by fees charged to users of the goods or services (enterprise and internal service funds).

**Trust Fund** – fund 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** – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

**Basis of Accounting**

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

**Reimbursements**

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

**NOTE 2 – 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:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the

## CITY OF OAKLEY, KANSAS

### Notes to Financial Statement

December 31, 2022

---

budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Equipment Reserve Fund, Capital Improvement Fund, Capital Improvement – Streets Fund, 911 Fund, Law Enforcement VIN Fund, Airport Grant Fund, American Rescue Plan Fund, and Opioids Settlement Fund.

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

### **NOTE 3 – DEPOSITS AND INVESTMENTS**

**City of Oakley, Kansas** follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

#### 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 K.S.A. 9-1405.

#### 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%. The City does not use "peak periods". All deposits were legally secured at December 31, 2022.

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statement  
December 31, 2022

At December 31, 2022, the City's carrying amount of deposits was \$5,121,560 and the bank balance was \$5,171,608. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$1,939,253 was covered by federal depository insurance and \$3,232,355 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2022, the Public Library's carrying amount of deposits was \$313,212 and the bank balance was \$320,260. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$303,287 was covered by federal depository insurance and \$16,973 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2022.

**NOTE 4 – INTERFUND TRANSFERS**

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Oakley, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2022 were as follows:

From Fund	To Fund	Regulatory Authority	Amount
General	Capital Improvement - Streets	K.S.A. 12-1,118	\$ 284,696
General	Capital Improvement	K.S.A. 12-1-118	30,000
Water Utility	General	K.S.A. 12-825d	281,952
Water Utility	Water Reserve	K.S.A. 12-825d	90,000
Water Utility	Equipment Reserve	K.S.A. 12-825d	30,000
Sanitation Utility	General	K.S.A. 12-825d	307,239
Sanitation Utility	Sanitation Reserve	K.S.A. 12-825d	125,000
Sanitation Utility	Equipment Reserve	K.S.A. 12-825d	70,000
<b>Related Municipal Entity - Interfund Transfers</b>			
Library - General	Library - Capital Improvement	K.S.A 12-1258	7,759

**NOTE 5 – CAPITAL PROJECTS**

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

	Project Authorization	Expenditures to Date
Lagoon Construction at Wastewater Facility	\$ 731,731	731,731
Airport Access Road	475,360	469,122

**NOTE 6 – LITIGATION**

**City of Oakley, Kansas** is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the City.

## CITY OF OAKLEY, KANSAS

Notes to Financial Statement

December 31, 2022

---

### NOTE 7 – RISK MANAGEMENT

**City of Oakley, Kansas** is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 173 participating members.

The City pays an annual premium to KMIT for its workers compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

### NOTE 8 – GRANTS AND SHARED REVENUES

**City of Oakley, Kansas** participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

### NOTE 9 – DEFERRED COMPENSATION PLAN

**City of Oakley, Kansas** sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

### NOTE 10 – DEFINED BENEFIT PENSION PLAN

#### General Information about the Pension Plan

##### Plan Description

**City of Oakley, Kansas** 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 its Annual Comprehensive Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

##### Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statement  
December 31, 2022

---

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City and the Oakley Public Library were \$122,627 and \$8,747, respectively for the year ended December 31, 2022.

### **Net Pension Liability**

At December 31, 2022, the City's and the Oakley Public Library's proportionate share of the collective net pension liability reported by KPERS was \$1,326,224 and \$95,068, respectively. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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](http://www.kpers.org) or can be obtained as described above.

### **NOTE 11 – OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, **City of Oakley, Kansas** 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 of 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.

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2022.

### **NOTE 12 – COMPENSATED ABSENCES**

#### **Vacation**

The City allows a maximum of 10 days vacation for full-time employees for each year for the first 10 years of employment with a maximum of 20 days accumulation. For each year after 10 years, an additional day of vacation is added up to 20 years. Employees may accumulate twice the yearly vacation allowance up to a maximum of 40 days. Employees should make every effort to take their vacation in the calendar year in which it was earned. The City Administrator at his discretion may allow vacation leave to be carried over from one calendar year to the next. Upon termination, employees will be compensated for all earned but unused vacation.

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statement  
December 31, 2022

---

**Sick Leave**

The City allows employees to accumulate a maximum of 12 days of sick leave per year based on the anniversary of their employment. No employee may accrue more than 120 days of sick leave. An employee will not be paid for unused sick leave upon termination for reasons other than retirement or death, and will be paid only if the employee has been employed for 10 years or longer. The maximum benefit paid for eligible employees is one-third of total accumulated leave.

**Comp Time**

Comp time is earned at the rate of 1½ hours per every hour worked over 40 hours during a one week period. It must be taken as time off within a 3-month time period of the date earned. No employee may accrue more than 60 hours of comp time.

**Public Library Vacation**

The Public Library allows full-time employees 3 days vacation for the first year, 5 days vacation for the second year, 10 days vacation after year 2 of employment, 15 days of vacation after 10 years of employment and an additional day per year will be added to a maximum total of 20 days for every year after 10 years of employment. Employees are not allowed to carry over any vacation from year to year.

**Public Library Sick Leave**

The Public Library allows full-time employees 12 days paid sick leave per year with accumulation up to 60 days, available only after it has been earned. No sick leave will be paid out upon termination.

**NOTE 13 – LANDFILL CLOSURE AND POST-CLOSURE COSTS**

State and federal laws and regulations require **City of Oakley, Kansas** to place a final cover on its landfill site when it stops accepting waste and perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City has a potential liability for a portion of this closure and post-closure care costs in each period based on the landfill capacities used as of each year end. The estimated closure cost is \$456,879 and the estimated post-closure cost is \$1,014,375. These figures comprise the estimated closure and post-closure cost of \$1,471,254. At December 31, 2022, the permit for 2022 identifies that the remaining volume capacity of the site is 68.42% of the original capacity and that the remaining life of the landfill is 105 years. The City is also required by regulations to provide financial assurance for the closure and post-closure costs. The allowable mechanisms for this financial assurance are as follows: 1) trust fund, 2) surety bond guaranteeing payment or performance, 3) letter of credit, 4) insurance certificate, and 5) a financial test for local governments. The City has elected to use the financial test to provide financial assurance. The City is in compliance with the financial test as of December 31, 2022.

The above figures have been estimated and the potential for change due to inflation or deflation, technology, or applicable laws or regulations, exists to affect the above calculations.

**NOTE 14 – DEBT RESTRICTIONS AND COVENANTS**

**KDHE Wastewater Treatment Loan**

**City of Oakley, Kansas** entered into a loan agreement with the Kansas Department of Health and Environment to fund improvements to the sewer treatment plant in the amount of \$1,563,221. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2022 as it is providing dedicated funds through a combination of sewer rates and fees charged.

The City entered into a loan agreement with the Kansas Department of Health and Environment to fund the construction of a fourth lagoon at the wastewater treatment plant in the amount of \$652,900. The loan was

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statement  
December 31, 2022

---

subsequently amended to the amount of \$731,730. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2022 as it is providing dedicated funds through a combination of sewer rates and fees charged.

**NOTE 15 – LONG-TERM DEBT**

**City of Oakley, Kansas** has the following types of long-term debt.

**General Obligation Bonds**

On December 19, 2014, the City issued \$470,000 in Series 2014 general obligations bonds for the purpose of paying a portion of the cost of street improvements for the Hope/Royal Street Improvement District as well as the Sunrise Avenue Project.

**KDHE Revolving Loan**

On February 17, 2010, the City entered into a \$1,563,221 revolving loan agreement with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to fund a portion of the wastewater treatment facility improvements with Community Development Block Grant funds. The City has increased the sewer rates in order to provide loan repayment.

On December 8, 2021, the City entered into a \$652,900 revolving loan agreement with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to fund the construction of a fourth lagoon at the wastewater treatment plant. The loan was amended on October 17, 2022, to the amount \$731,730.

**Lease Obligations**

The City has entered into lease agreements for equipment with an option to purchase at the expiration of the lease term. The leases contain a fiscal funding clause.



**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statement  
December 31, 2022

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>									
Series 2014	2.42%	12/19/2014	\$ 470,000	9/1/2024	\$ 163,000	-	(52,000)	<b>111,000</b>	4,653
<b>KDHE Loans</b>									
Kansas Water Pollution Control Revolving Loan Project No. C20 1783 01	2.58%	2/17/2010	1,563,221	3/1/2031	820,280	-	(77,243)	<b>743,037</b>	18,665
Kansas Water Pollution Control Revolving Loan Project No. C20 3031 01	1.31%	12/8/2021	731,730	3/1/2043	-	725,256	-	<b>725,256</b> *	33
<b>Finance Leases</b>									
2019 CAT Wheel Loader	3.20%	12/10/2019	122,327	12/16/2024	75,471	-	(24,388)	<b>51,083</b>	2,476
2007 Landfill Compactor	3.32%	11/16/2020	217,000	11/16/2025	176,388	-	(41,961)	<b>134,427</b>	5,856
<b>Total Contractual Indebtedness</b>					<b>\$ 1,235,139</b>	<b>725,256</b>	<b>(195,592)</b>	<b>1,764,803</b>	<b>31,683</b>

\* As of December 31, 2022, the City has expended \$725,256. The City is authorized to expend up to \$731,730, and KDHE anticipates forgiving \$219,519. The remainder of \$6,474 and the forgiveness amount are reflected in the KDHE loans on the maturity schedule.

**CITY OF OAKLEY, KANSAS**  
Notes to Financial Statement  
December 31, 2022

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

	Years									Total
	2023	2024	2025	2026	2027	2028-2032	2033-2037	2038-2042	2043	
<b>Principal</b>										
2014 General Obligation Bonds	\$ 54,000	57,000	-	-	-	-	-	-	-	111,000
Kansas Water Pollution Control Revolving Loans	90,492	104,014	106,423	108,891	111,421	448,477	131,091	139,935	14,504	1,255,248
Finance Leases	68,577	70,823	46,110	-	-	-	-	-	-	185,510
<b>Total Principal</b>	<b>213,069</b>	<b>231,837</b>	<b>152,533</b>	<b>108,891</b>	<b>111,421</b>	<b>448,477</b>	<b>131,091</b>	<b>139,935</b>	<b>14,504</b>	<b>1,551,758</b>
<b>Interest</b>										
2014 General Obligation Bonds	3,249	1,710	-	-	-	-	-	-	-	4,959
Kansas Water Pollution Control Revolving Loans	17,494	16,234	14,270	12,257	11,893	34,119	12,044	4,888	77	123,276
Finance Leases	6,103	3,857	1,537	-	-	-	-	-	-	11,497
<b>Total Interest</b>	<b>26,846</b>	<b>21,801</b>	<b>15,807</b>	<b>12,257</b>	<b>11,893</b>	<b>34,119</b>	<b>12,044</b>	<b>4,888</b>	<b>77</b>	<b>139,732</b>
<b>Total Principal and Interest</b>	<b>\$ 239,915</b>	<b>253,638</b>	<b>168,340</b>	<b>121,148</b>	<b>123,314</b>	<b>482,596</b>	<b>143,135</b>	<b>144,823</b>	<b>14,581</b>	<b>1,691,490</b>

**CITY OF OAKLEY, KANSAS**

Regulatory-Required Supplementary Information

**CITY OF OAKLEY, KANSAS**  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	<b>Expenditures Chargeable to Current Year</b>	Variance Over (Under)
<b>Regulatory Basis Fund Types</b>					
<b>General Fund</b>	\$ 3,350,136	-	3,350,136	<b>3,013,343</b>	(336,793)
<b>Special Purpose Funds</b>					
Library Fund	194,553	-	194,553	<b>194,553</b>	-
Special Highway Fund	136,192	-	136,192	<b>58,299</b>	(77,893)
Special Parks and Recreation Fund	12,941	57,804	70,745	<b>33,700</b>	(37,045)
Convention and Tourism Fund	159,824	-	159,824	<b>124,759</b>	(35,065)
<b>Bond and Interest Fund</b>					
Bond and Interest Fund	64,803	-	64,803	<b>56,653</b>	(8,150)
<b>Business Funds</b>					
Water Utility Fund	1,081,062	-	1,081,062	<b>577,845</b>	(503,217)
Sanitation Utility Fund	1,156,079	-	1,156,079	<b>819,071</b>	(337,008)

**CITY OF OAKLEY, KANSAS**  
**General Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Receipts</b>				
<b>Taxes</b>				
Ad Valorem Tax	\$ 1,002,591	<b>1,048,743</b>	1,076,157	(27,414)
Delinquent Tax	34,247	<b>23,237</b>	-	23,237
Vehicle Tax	161,261	<b>144,953</b>	135,697	9,256
Sales Tax	521,389	<b>598,112</b>	490,000	108,112
Excise Tax	56	<b>8</b>	-	8
Private Club and Liquor Tax	10,023	<b>10,946</b>	6,874	4,072
<b>Total Taxes</b>	<u>1,729,567</u>	<u><b>1,825,999</b></u>	<u>1,708,728</u>	<u>117,271</u>
<b>Intergovernmental</b>				
Federal Aid	-	<b>32,000</b>	-	32,000
<b>Licenses and Permits</b>				
Franchise Fees	167,587	<b>167,113</b>	160,000	7,113
Permits and Inspections	7,050	<b>3,090</b>	1,000	2,090
Dog Tags and Fees	265	<b>215</b>	150	65
<b>Total Licenses and Permits</b>	<u>174,902</u>	<u><b>170,418</b></u>	<u>161,150</u>	<u>9,268</u>
<b>Charges for Services</b>				
Sale of Cemetery Lots	6,311	<b>4,584</b>	4,000	584
<b>Fines, Forfeitures, and Penalties</b>				
Municipal Court	24,964	<b>21,342</b>	17,500	3,842
<b>Use of Money and Property</b>				
Swimming Pool	21,929	<b>24,858</b>	20,000	4,858
Recreation Commission	6,000	-	-	-
Interest Income	7,483	<b>38,354</b>	20,000	18,354
Dispatch	124,014	<b>136,346</b>	122,000	14,346
Police Department	3,255	<b>1,786</b>	4,000	(2,214)
Airport Revenue	8,264	<b>8,063</b>	8,000	63
<b>Total Use of Money and Property</b>	<u>170,945</u>	<u><b>209,407</b></u>	<u>174,000</u>	<u>35,407</u>
<b>Transfers In</b>	<u>507,389</u>	<u><b>589,191</b></u>	<u>701,000</u>	<u>(111,809)</u>
<b>Miscellaneous</b>				
Reimbursed Expense	16,913	<b>13,525</b>	20,000	(6,475)
Insurance Proceeds	10,381	<b>22,607</b>	-	22,607
Oil and Crop Revenue	22,278	<b>7,970</b>	15,000	(7,030)
Miscellaneous	75,077	<b>77,126</b>	72,500	4,626
Donations	20	-	6,000	(6,000)
Sale of Property	27,600	<b>39,500</b>	-	39,500
Neighborhood Revitalization Rebate	(14,684)	<b>(10,338)</b>	(10,240)	(98)
<b>Total Miscellaneous</b>	<u>137,585</u>	<u><b>150,390</b></u>	<u>103,260</u>	<u>47,130</u>
<b>Total Receipts</b>	<u>\$ 2,751,663</u>	<u><b>3,003,331</b></u>	<u>2,869,638</u>	<u>133,693</u>

**CITY OF OAKLEY, KANSAS**  
**General Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Expenditures</b>				
<b>General Government</b>				
Personal Services	\$ 940,331	<b>963,263</b>	1,048,799	(85,536)
Contractual Services	105,520	<b>106,890</b>	102,901	3,989
Commodities	77,023	<b>51,782</b>	67,400	(15,618)
Capital Outlay	2,923	-	25,000	(25,000)
Other Appropriations	25,235	<b>26,319</b>	75,200	(48,881)
Transfers Out	290,990	<b>314,696</b>	280,000	34,696
<b>Total General Government</b>	<u>1,442,022</u>	<u><b>1,462,950</b></u>	<u>1,599,300</u>	<u>(136,350)</u>
<b>Police Department</b>				
Personal Services	809,211	<b>772,101</b>	973,500	(201,399)
Contractual Services	45,674	<b>45,905</b>	42,800	3,105
Commodities	49,478	<b>72,885</b>	66,500	6,385
Capital Outlay	-	<b>3,675</b>	7,500	(3,825)
<b>Total Police Department</b>	<u>904,363</u>	<u><b>894,566</b></u>	<u>1,090,300</u>	<u>(195,734)</u>
<b>Fire Department</b>				
Personal Services	17,279	<b>20,729</b>	20,015	714
Contractual Services	14,236	<b>13,619</b>	16,703	(3,084)
Commodities	1,580	<b>571</b>	4,800	(4,229)
Capital Outlay	-	-	4,500	(4,500)
<b>Total Fire Department</b>	<u>33,095</u>	<u><b>34,919</b></u>	<u>46,018</u>	<u>(11,099)</u>
<b>Street Department</b>				
Personal Services	137,871	<b>143,892</b>	163,113	(19,221)
Contractual Services	657	<b>744</b>	-	744
Commodities	59,990	<b>62,081</b>	57,250	4,831
<b>Total Street Department</b>	<u>198,518</u>	<u><b>206,717</b></u>	<u>220,363</u>	<u>(13,646)</u>
<b>Parks and Cemetery</b>				
Personal Services	189,315	<b>187,028</b>	246,210	(59,182)
Contractual Services	24,383	<b>25,478</b>	27,420	(1,942)
Commodities	22,738	<b>32,148</b>	40,000	(7,852)
Capital Outlay	4,238	<b>6,243</b>	10,565	(4,322)
<b>Total Parks and Cemetery</b>	<u>\$ 240,674</u>	<u><b>250,897</b></u>	<u>324,195</u>	<u>(73,298)</u>

**CITY OF OAKLEY, KANSAS**  
**General Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Expenditures (continued)</b>				
<b>Airport Operations</b>				
Personal Services	\$ -	-	700	(700)
Contractual Services	17,609	<b>18,096</b>	14,260	3,836
Commodities	33,178	<b>45,102</b>	35,000	10,102
Capital Outlay	11,481	<b>96,931</b>	5,000	91,931
<b>Total Airport Operations</b>	<u>62,268</u>	<u><b>160,129</b></u>	<u>54,960</u>	<u>105,169</u>
<b>Civil Defense</b>	<u>694</u>	<u><b>3,165</b></u>	<u>3,000</u>	<u>165</u>
<b>Nonoperating Expenses</b>				
Miscellaneous	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>(12,000)</u>
<b>Total Expenditures</b>	<u>2,881,634</u>	<u><b>3,013,343</b></u>	<u><u>3,350,136</u></u>	<u><u>(336,793)</u></u>
<b>Receipts Over (Under) Expenditures</b>	(129,971)	<b>(10,012)</b>		
<b>Unencumbered Cash - Beginning</b>	489,495	<b>359,524</b>		
<b>Prior Year Cancelled Encumbrances</b>	<u>-</u>	<u><b>586</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u><u>359,524</u></u>	<u><u><b>350,098</b></u></u>		

**CITY OF OAKLEY, KANSAS**  
**Library Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Receipts</b>				
Taxes				
Ad Valorem Tax	\$ 162,401	<b>163,633</b>	167,894	(4,261)
Delinquent Tax	5,633	<b>3,803</b>	-	3,803
Vehicle Tax	26,400	<b>23,795</b>	22,311	1,484
Excise Tax	9	<b>1</b>	-	1
Neighborhood Revitalization Rebate	-	<b>(1,613)</b>	(1,598)	(15)
<b>Total Receipts</b>	194,443	<b>189,619</b>	<u>188,607</u>	<u>1,012</u>
<b>Expenditures</b>				
Appropriations	187,461	<b>194,553</b>	<u>194,553</u>	<u>-</u>
<b>Receipts Over (Under) Expenditures</b>	6,982	<b>(4,934)</b>		
<b>Unencumbered Cash - Beginning</b>	-	<b>6,982</b>		
<b>Unencumbered Cash - Ending</b>	\$ <u>6,982</u>	<u><b>2,048</b></u>		



**CITY OF OAKLEY, KANSAS**  
**Special Highway Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes				
State Gasoline Tax	\$ 59,588	<b>54,845</b>	52,300	2,545
<b>Expenditures</b>				
Contractual Services	16,060	<b>16,146</b>	18,500	(2,354)
Commodities	19,444	<b>30,509</b>	50,000	(19,491)
Capital Outlay	2,192	<b>11,644</b>	67,692	(56,048)
<b>Total Expenditures</b>	37,696	<b>58,299</b>	136,192	(77,893)
<b>Receipts Over (Under) Expenditures</b>	21,892	<b>(3,454)</b>		
<b>Unencumbered Cash - Beginning</b>	59,886	<b>81,778</b>		
<b>Unencumbered Cash - Ending</b>	\$ 81,778	<b>78,324</b>		

**CITY OF OAKLEY, KANSAS**  
**Special Parks and Recreation Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Reimbursed Expenses	\$ 3,050	<b>57,804</b>	-	57,804
Donations	-	<b>5,000</b>	-	5,000
Dane G Hansen Grant	50,000	-	-	-
KDHE Grant	2,310	<b>2,310</b>	-	2,310
Taxes				
Private Club and Liquor Tax	10,023	<b>10,946</b>	6,874	4,072
<b>Total Receipts</b>	<u>65,383</u>	<u><b>76,060</b></u>	<u>6,874</u>	<u>69,186</u>
<b>Expenditures</b>				
Capital Outlay	84,817	<b>23,700</b>	12,941	10,759
Miscellaneous	-	<b>10,000</b>	-	10,000
(a) Adjustment for Qualifying Budget Credit	-	-	57,804	(57,804)
<b>Total Expenditures</b>	<u>84,817</u>	<u><b>33,700</b></u>	<u>70,745</u>	<u>(37,045)</u>
<b>Receipts Over (Under) Expenditures</b>	(19,434)	<b>42,360</b>		
<b>Unencumbered Cash - Beginning</b>	<u>35,032</u>	<u><b>15,598</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>15,598</u>	<u><b>57,958</b></u>		
<b>(a) Adjustment for Qualifying Budget Credit</b>				
Reimbursed Expenses Over Amount Budgeted			\$ 57,804	

**CITY OF OAKLEY, KANSAS**  
**Convention and Tourism Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes				
Transient Guest Tax	\$ 105,666	<b>125,271</b>	93,750	31,521
Reimbursed Expense	70	<b>800</b>	-	800
<b>Total Receipts</b>	<u>105,736</u>	<u><b>126,071</b></u>	<u>93,750</u>	<u>32,321</u>
<b>Expenditures</b>				
Contractual Services	52,833	<b>62,635</b>	46,875	15,760
Commodities	16,395	<b>62,124</b>	56,500	5,624
Capital Outlay	5,000	-	56,449	(56,449)
<b>Total Expenditures</b>	<u>74,228</u>	<u><b>124,759</b></u>	<u>159,824</u>	<u>(35,065)</u>
<b>Receipts Over (Under) Expenditures</b>	31,508	<b>1,312</b>		
<b>Unencumbered Cash - Beginning</b>	<u>47,365</u>	<u><b>78,873</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u><u>78,873</u></u>	<u><u><b>80,185</b></u></u>		

**CITY OF OAKLEY, KANSAS**  
**Equipment Reserve Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Transfers In	\$ 87,600	<b>100,000</b>
<b>Expenditures</b>		
Capital Outlay	63,290	-
<b>Receipts Over (Under) Expenditures</b>	24,310	<b>100,000</b>
<b>Unencumbered Cash - Beginning</b>	196,299	<b>220,609</b>
<b>Prior Year Cancelled Encumbrances</b>	-	<b>34,135</b>
<b>Unencumbered Cash - Ending</b>	\$ <u>220,609</u>	<u><b>354,744</b></u>

**CITY OF OAKLEY, KANSAS**  
**Capital Improvement Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Transfers In	\$ -	<b>30,000</b>
<b>Expenditures</b>		
Construction Costs	48,600	-
Capital Outlay	20,013	<b>19,677</b>
<b>Total Expenditures</b>	<b>68,613</b>	<b>19,677</b>
<b>Receipts Over (Under) Expenditures</b>	(68,613)	<b>10,323</b>
<b>Unencumbered Cash - Beginning</b>	968,431	<b>899,818</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ 899,818</b>	<b>910,141</b>

**CITY OF OAKLEY, KANSAS**  
**Capital Improvement - Streets Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Transfers In	\$ 263,390	<b>284,696</b>
<b>Expenditures</b>		
Capital Outlay	244,530	<b>219,230</b>
<b>Receipts Over (Under) Expenditures</b>	18,860	<b>65,466</b>
<b>Unencumbered Cash - Beginning</b>	189,244	<b>208,104</b>
<b>Unencumbered Cash - Ending</b>	\$ 208,104	<b>273,570</b>

**CITY OF OAKLEY, KANSAS**  
**911 Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
State Payments	\$ 119,781	<b>120,005</b>
Interest Income	321	<b>5,464</b>
Other Revenue	35	<b>40</b>
<b>Total Receipts</b>	<u>120,137</u>	<u><b>125,509</b></u>
<b>Expenditures</b>		
Contractual Services	927	<b>2,226</b>
Commodities	49,471	<b>34,798</b>
Capital Outlay	36,832	<b>36,000</b>
<b>Total Expenditures</b>	<u>87,230</u>	<u><b>73,024</b></u>
<b>Receipts Over (Under) Expenditures</b>	32,907	<b>52,485</b>
<b>Unencumbered Cash - Beginning</b>	<u>379,784</u>	<u><b>412,691</b></u>
<b>Unencumbered Cash - Ending</b>	<u>\$ 412,691</u>	<u><b>465,176</b></u>

**CITY OF OAKLEY, KANSAS**  
**Law Enforcement VIN Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
VIN Inspections	\$ 1,320	<b>240</b>
<b>Expenditures</b>		
Law Enforcement Equipment	5,467	-
<b>Receipts Over (Under) Expenditures</b>	(4,147)	<b>240</b>
<b>Unencumbered Cash - Beginning</b>	6,200	<b>2,053</b>
<b>Unencumbered Cash - Ending</b>	\$ 2,053	<b>2,293</b>



**CITY OF OAKLEY, KANSAS**  
**Airport Grant Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Federal Aid	\$ -	415,049
<b>Expenditures</b>		
Capital Outlay	36,630	385,578
<b>Receipts Over (Under) Expenditures</b>	(36,630)	29,471
<b>Unencumbered Cash - Beginning</b>	-	(36,630)
<b>Unencumbered Cash - Ending</b>	\$ (36,630)	(7,159)

**CITY OF OAKLEY, KANSAS**  
**SPARK - Covid Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>	\$ -	-
<b>Expenditures</b>		
Commodities	1,884	-
Miscellaneous	537	-
<b>Total Expenditures</b>	<u>2,421</u>	<u>-</u>
<b>Receipts Over (Under) Expenditures</b>	(2,421)	-
<b>Unencumbered Cash - Beginning</b>	<u>2,421</u>	<u>-</u>
<b>Unencumbered Cash - Ending</b>	<u>\$ -</u>	<u>-</u>

**CITY OF OAKLEY, KANSAS**  
**CDBG - CV Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Federal Aid	\$ 44,000	-
<b>Expenditures</b>		
Grant Expenditures	44,000	-
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	-

**CITY OF OAKLEY, KANSAS**  
**American Rescue Plan Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Federal Aid	\$ 158,332	<b>158,332</b>
Interest on Investments	69	<b>3,839</b>
<b>Total Receipts</b>	158,401	<b>162,171</b>
<b>Expenditures</b>	-	-
<b>Receipts Over (Under) Expenditures</b>	158,401	<b>162,171</b>
<b>Unencumbered Cash - Beginning</b>	-	<b>158,401</b>
<b>Unencumbered Cash - Ending</b>	\$ 158,401	<b>320,572</b>

**CITY OF OAKLEY, KANSAS**  
**Opioids Settlement Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Opioid Receipts	\$ -	499
Interest on Investments	-	5
<b>Total Receipts</b>	-	504
<b>Expenditures</b>	-	-
<b>Receipts Over (Under) Expenditures</b>	-	504
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	504

**CITY OF OAKLEY, KANSAS**  
**Bond and Interest Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Receipts</b>				
Taxes				
Ad Valorem Tax	\$ 36,973	<b>35,851</b>	36,780	(929)
Delinquent Tax	1,279	<b>792</b>	-	792
Motor Vehicle Tax	5,245	<b>5,130</b>	5,005	125
Excise Tax	2	-	-	-
Special Assessments	14,310	<b>13,665</b>	13,665	-
Neighborhood Revitalization Rebate	(542)	<b>(353)</b>	(350)	(3)
<b>Total Receipts</b>	<u>57,267</u>	<u><b>55,085</b></u>	<u>55,100</u>	<u>(15)</u>
<b>Expenditures</b>				
Principal	49,000	<b>52,000</b>	52,000	-
Interest	5,878	<b>4,653</b>	4,653	-
Cash Basis Reserve	-	-	8,150	(8,150)
<b>Total Expenditures</b>	<u>54,878</u>	<u><b>56,653</b></u>	<u>64,803</u>	<u>(8,150)</u>
<b>Receipts Over (Under) Expenditures</b>	2,389	<b>(1,568)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>7,999</u>	<u><b>10,388</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>10,388</u>	<u><b>8,820</b></u>		

**CITY OF OAKLEY, KANSAS**  
**Wastewater Treatment Plant Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
KDHE Loan Proceeds	\$ -	637,669
<b>Expenditures</b>		
Project Costs	-	644,143
<b>Receipts Over (Under) Expenditures</b>	-	(6,474)
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	(6,474)

**CITY OF OAKLEY, KANSAS**  
**Water Treatment Plant Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>	\$ -	-
<b>Expenditures</b>		
Project Costs	-	-
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Unencumbered Cash - Ending</b>	\$ -	-



## CITY OF OAKLEY, KANSAS

## Water Utility Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Receipts</b>				
Charges for Services				
Utility Sales	\$ 612,021	<b>743,333</b>	575,000	168,333
Water Meter Replacement	23,264	<b>23,430</b>	-	23,430
Penalties	11,590	<b>12,233</b>	7,500	4,733
Service Connections	5,340	<b>4,900</b>	5,000	(100)
Water Taps	9,199	<b>8,687</b>	500	8,187
Taxes				
Sales Tax	781	<b>296</b>	-	296
Miscellaneous				
Reimbursed Expense	5,606	<b>7,306</b>	12,000	(4,694)
State Water Protection Fee	5,010	<b>5,490</b>	4,500	990
Water Tower Rent	5,620	<b>5,297</b>	-	5,297
Miscellaneous	217	<b>113</b>	5,000	(4,887)
<b>Total Receipts</b>	<u>678,648</u>	<u><b>811,085</b></u>	<u>609,500</u>	<u>201,585</u>
<b>Expenditures</b>				
<b>Water Production</b>				
Contractual Services	20,199	<b>18,385</b>	34,240	(15,855)
Commodities	768	<b>3,202</b>	2,000	1,202
Capital Outlay	3,344	-	10,000	(10,000)
<b>Total Water Production</b>	<u>24,311</u>	<u><b>21,587</b></u>	<u>46,240</u>	<u>(24,653)</u>
<b>Water Transmission and Distribution</b>				
Contractual Services	-	<b>60</b>	-	60
Contractual Services	8,203	<b>7,053</b>	7,100	(47)
Commodities	22,088	<b>24,664</b>	69,500	(44,836)
Capital Outlay	-	<b>5,644</b>	380,000	(374,356)
<b>Total Water Trans. and Dist.</b>	<u>30,291</u>	<u><b>37,421</b></u>	<u>456,600</u>	<u>(419,179)</u>
<b>Water Commercial and General</b>				
Personal Services	-	-	8,000	(8,000)
Contractual Services	72,105	<b>80,002</b>	72,000	8,002
Commodities	28,115	<b>25,614</b>	29,587	(3,973)
Capital Outlay	3,178	<b>520</b>	10,000	(9,480)
<b>Total Water Comm. and Gen.</b>	<u>\$ 103,398</u>	<u><b>106,136</b></u>	<u>119,587</u>	<u>(13,451)</u>

**CITY OF OAKLEY, KANSAS**  
**Water Utility Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Expenditures (continued)</b>				
<b>Nonoperating Expenses</b>				
Commodities	\$ 780	206	16,500	(16,294)
Contractual	3,777	5,096	-	5,096
Transfers Out	292,514	401,952	435,000	(33,048)
State Water Fee and Sales Tax	5,815	5,447	5,500	(53)
Miscellaneous	-	-	1,635	(1,635)
<b>Total Nonoperating Expenses</b>	<u>302,886</u>	<u>412,701</u>	<u>458,635</u>	<u>(45,934)</u>
<b>Total Expenditures</b>	<u>460,886</u>	<u>577,845</u>	<u>1,081,062</u>	<u>(503,217)</u>
<b>Receipts Over (Under) Expenditures</b>	217,762	233,240		
<b>Unencumbered Cash - Beginning</b>	<u>415,001</u>	<u>632,763</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 632,763</u>	<u>866,003</u>		

**CITY OF OAKLEY, KANSAS**  
**Water Reserve Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Transfers In	\$ 90,000	<b>90,000</b>
<b>Expenditures</b>		
Contractual Services	-	<b>88,599</b>
Capital Outlay	215,116	-
<b>Total Expenditures</b>	<b>215,116</b>	<b>88,599</b>
<b>Receipts Over (Under) Expenditures</b>	(125,116)	<b>1,401</b>
<b>Unencumbered Cash - Beginning</b>	302,340	<b>177,224</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ 177,224</b>	<b>178,625</b>

**CITY OF OAKLEY, KANSAS**  
**Sanitation Utility Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Receipts</b>				
Charges for Services				
Refuse Collection	\$ 382,488	<b>396,495</b>	360,000	36,495
Sewer Charges	329,896	<b>328,734</b>	335,000	(6,266)
Penalties	-	-	2,500	(2,500)
Miscellaneous				
Reimbursed Expense	5,233	<b>6,002</b>	5,000	1,002
Loan Proceeds	-	<b>87,587</b>	-	87,587
Miscellaneous	-	<b>6,125</b>	-	6,125
State Aid	12,482	-	6,250	(6,250)
<b>Total Receipts</b>	<u>730,099</u>	<u><b>824,943</b></u>	<u>708,750</u>	<u>116,193</u>
<b>Expenditures</b>				
<b>Refuse Collection</b>				
Personal Services	5,428	<b>5,737</b>	-	5,737
Contractual Services	16,590	<b>16,560</b>	27,150	(10,590)
Commodities	102,618	<b>101,930</b>	77,500	24,430
Capital Outlay	2,923	-	60,000	(60,000)
<b>Total Refuse Collection</b>	<u>127,559</u>	<u><b>124,227</b></u>	<u>170,900</u>	<u>(46,673)</u>
<b>Sewage Treatment</b>				
Personal Services	1,210	<b>2,416</b>	1,000	1,416
Contractual Services	38,878	<b>46,737</b>	50,200	(3,463)
Commodities	38,792	<b>30,483</b>	25,000	5,483
Debt Service	97,912	<b>98,084</b>	97,582	502
Capital Outlay	10,033	-	160,000	(160,000)
<b>Total Sewage Treatment</b>	<u>186,825</u>	<u><b>177,720</b></u>	<u>333,782</u>	<u>(156,062)</u>
<b>Nonoperating Expenses</b>				
Commodities	9,273	<b>9,177</b>	7,500	1,677
Contractual	96,379	<b>5,708</b>	-	5,708
Miscellaneous	-	-	37,897	(37,897)
Transfers Out	484,875	<b>502,239</b>	606,000	(103,761)
<b>Total Nonoperating Expenses</b>	<u>590,527</u>	<u><b>517,124</b></u>	<u>651,397</u>	<u>(134,273)</u>
<b>Total Expenditures</b>	<u>904,911</u>	<u><b>819,071</b></u>	<u>1,156,079</u>	<u>(337,008)</u>
<b>Receipts Over (Under) Expenditures</b>	(174,812)	<b>5,872</b>		
<b>Unencumbered Cash - Beginning</b>	564,648	<b>389,836</b>		
<b>Prior Year Cancelled Encumbrances</b>	-	<b>5,000</b>		
<b>Unencumbered Cash - Ending</b>	\$ <u>389,836</u>	<u><b>400,708</b></u>		

**CITY OF OAKLEY, KANSAS**  
**Sanitation Reserve Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Reimbursed Expenses	\$ -	27,000
Federal Aid	-	25,090
State Aid	-	2,090
Transfers In	120,000	125,000
<b>Total Receipts</b>	<u>120,000</u>	<u>179,180</u>
<b>Expenditures</b>		
Principal	64,244	66,348
Interest	10,436	8,332
Capital Outlay	61,907	318,854
<b>Total Expenditures</b>	<u>136,587</u>	<u>393,534</u>
<b>Receipts Over (Under) Expenditures</b>	(16,587)	(214,354)
<b>Unencumbered Cash - Beginning</b>	<u>524,798</u>	<u>508,211</u>
<b>Unencumbered Cash - Ending</b>	<u>\$ 508,211</u>	<u>293,857</u>

**CITY OF OAKLEY, KANSAS**  
**Museum Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Donations	\$ 6,386	6,669
Grants	-	5,407
Interest Income	30	215
Reimbursed Expense	91	-
<b>Total Receipts</b>	<u>6,507</u>	<u>12,291</u>
<b>Expenditures</b>		
Contractual Services	1,198	645
Commodities	4,226	11,672
Miscellaneous	200	-
<b>Total Expenditures</b>	<u>5,624</u>	<u>12,317</u>
<b>Receipts Over (Under) Expenditures</b>	883	(26)
<b>Unencumbered Cash - Beginning</b>	<u>16,404</u>	<u>17,287</u>
<b>Unencumbered Cash - Ending</b>	<u>\$ 17,287</u>	<u>17,261</u>

**CITY OF OAKLEY, KANSAS**  
**Museum Store Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Sales and Commissions	\$ 9,184	7,788
Interest Income	8	117
<b>Total Receipts</b>	9,192	7,905
<b>Expenditures</b>		
Supplies and Inventory	6,338	5,204
<b>Receipts Over (Under) Expenditures</b>	2,854	2,701
<b>Unencumbered Cash - Beginning</b>	70,396	73,250
<b>Unencumbered Cash - Ending</b>	\$ 73,250	75,951

**CITY OF OAKLEY, KANSAS**  
**Cemetery Trust Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>	\$ -	-
<b>Expenditures</b>	-	-
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	6,500	<b>6,500</b>
<b>Unencumbered Cash - Ending</b>	\$ <u>6,500</u>	<u><b>6,500</b></u>



**CITY OF OAKLEY, KANSAS**  
**Special Law Enforcement Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>	\$ -	-
<b>Expenditures</b>	-	-
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	3,567	<b>3,567</b>
<b>Unencumbered Cash - Ending</b>	\$ 3,567	<b>3,567</b>

**CITY OF OAKLEY, KANSAS**  
**Prosecutor's Charitable Trust Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Fines and Fees	\$ 900	<b>600</b>
<b>Expenditures</b>		
Scholarships	1,000	<b>850</b>
<b>Receipts Over (Under) Expenditures</b>	(100)	<b>(250)</b>
<b>Unencumbered Cash - Beginning</b>	1,480	<b>1,720</b>
<b>Prior Year Cancelled Encumbrance</b>	340	-
<b>Unencumbered Cash - Ending</b>	\$ <u>1,720</u>	<u><b>1,470</b></u>

**CITY OF OAKLEY, KANSAS**  
**Library - General Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Appropriations From City Library Fund	\$ 187,461	<b>194,553</b>
Intergovernmental		
Grants	5,830	<b>4,581</b>
Uses of Money and Property		
Interest Income	736	<b>1,635</b>
Miscellaneous		
Fines and Fees	1,531	<b>1,890</b>
Contributions and Memorials	2,043	<b>2,959</b>
Book Sales	498	<b>598</b>
Miscellaneous	2,053	<b>342</b>
<b>Total Receipts</b>	<u>200,152</u>	<u><b>206,558</b></u>
<b>Expenditures</b>		
Personal Services	152,239	<b>158,481</b>
Contractual Services	10,260	<b>9,419</b>
Commodities	20,253	<b>21,639</b>
Capital Outlay	5,794	<b>8,339</b>
Transfers Out	4,254	<b>7,759</b>
<b>Total Expenditures</b>	<u>192,800</u>	<u><b>205,637</b></u>
<b>Receipts Over (Under) Expenditures</b>	7,352	<b>921</b>
<b>Unencumbered Cash - Beginning</b>	<u>175,852</u>	<u><b>183,204</b></u>
<b>Unencumbered Cash - Ending</b>	\$ <u><u>183,204</u></u>	<u><u><b>184,125</b></u></u>

**CITY OF OAKLEY, KANSAS**  
**Library - Capital Improvement Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Transfers In	\$ 4,254	7,759
<b>Expenditures</b>	-	-
<b>Receipts Over (Under) Expenditures</b>	4,254	7,759
<b>Unencumbered Cash - Beginning</b>	117,074	121,328
<b>Unencumbered Cash - Ending</b>	\$ 121,328	129,087

**CITY OF OAKLEY, KANSAS**  
**Agency Funds**  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2022

---

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Flexible Spending Plan Fund	\$ 8,774	72,732	65,719	<b>15,787</b>
Forfeiture Fund	25,209	74	7,703	<b>17,580</b>
<b>Total</b>	<b>\$ 33,983</b>	<b>72,806</b>	<b>73,422</b>	<b>33,367</b>

**\$580,000\***  
**CITY OF OAKLEY, KANSAS**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2024A**

**APPENDIX C**

**SUMMARY OF BOND FINANCING DOCUMENTS**

\* Subject to change.

## *APPENDIX C*

### **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. 15-731, as amended by Charter Ordinance Number 29, 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 2024A, 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 Oakley, 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.

**“Compliance Account”** means the account by that name created by the Bond Resolution.

**“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 October 9, 2024.

**“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;
- (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.

**“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 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.

**“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 April 1 and October 1 of each year, commencing April 1, 2025.

**“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.

**“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 2032.]

[ “**\_\_\_\_ Term Bonds**” means the Bonds scheduled to mature in the year \_\_\_\_.]

[ “**2032 Term Bonds**” means the Bonds scheduled to mature in the year 2032.]

[ “**Term Bonds**” means collectively, the \_\_\_\_ Term Bonds and the 2032 Term Bonds.]

“**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.
- (d) Compliance 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) Excess proceeds, 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; (b) paying interest on the Bonds during construction of the Improvements; and (c) paying Costs of Issuance. 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 Consulting Engineer 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 Clerk (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, (c) the Attorney General of the State has approved the amendment made by such resolution to the transcript of proceedings for the Bonds to include the Substitute Improvements; and (d) 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.

***Application of Moneys in the Compliance Account.*** Moneys in the Compliance Account shall be used by the Issuer to pay the fees and expenses relating to compliance with federal arbitrage law and state or federal securities laws. Any funds remaining in the Compliance Account not necessary for such payments shall be transferred 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 may, at the discretion of the Issuer, 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.

## **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.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]