

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 24, 2025

NEW ISSUE – [BOOK-ENTRY ONLY]

NOT RATED

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under existing law, interest on the Bonds is exempt from income taxation by the State of Kansas. Interest on the Bonds is included in gross income for federal income tax purposes. See "TAX MATTERS" herein.

\$370,000*

**CITY OF SEDGWICK, KANSAS
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2025A**

DATED: As of the Delivery Date shown below

**DUE: September 1, as shown
on the inside cover page**

The Taxable General Obligation Bonds, Series 2025A (the "Bonds") will be issued by the City of Sedgwick, 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. [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 on the Bonds will be payable annually on September 1 in each year, beginning September 1, 2026, and semi-annual interest will be payable on March 1 and September 1, beginning March 1, 2026 (the "Interest Payment Dates").

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 maturing on September 1, 2029, and thereafter will be subject to redemption prior to maturity, at the option of the Issuer, on September 1, 2028 or thereafter as described herein. [The Term Bonds are also subject to mandatory redemption as described herein.] See "THE BONDS - Redemption Provisions" herein.

The Bonds are offered when, as, and if, issued and delivered by the City to the Underwriter, subject to the receipt of the approving legal opinion of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. Certain other legal matters will be passed upon by Jennifer Hill, Esq., counsel for the Issuer. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about May 22, 2025.

**BIDS WILL BE ACCEPTED ON BEHALF OF:
THE CITY OF SEDGWICK, KANSAS
ON MAY 7, 2025 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**

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 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.

* Subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the 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.

\$370,000*
CITY OF SEDGWICK, KANSAS
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2025A

MATURITY SCHEDULE*

SERIAL BONDS

Stated Maturity September 1	Principal Amount*	Annual Rate of Interest	Price or Yield	CUSIP⁽¹⁾ Base: 815674
2026	\$ 5,000	____%	____%	
2027	10,000	____%	____%	
2028	10,000	____%	____%	
2029	15,000	____%	____%	
2030	15,000	____%	____%	
2031	15,000	____%	____%	
2032	15,000	____%	____%	
2033	15,000	____%	____%	
2034	15,000	____%	____%	
2035	15,000	____%	____%	
2036	20,000	____%	____%	
2037	20,000	____%	____%	
2038	20,000	____%	____%	
2039	20,000	____%	____%	
2040	25,000	____%	____%	
2041	25,000	____%	____%	
2042	25,000	____%	____%	
2043	25,000	____%	____%	
2044	30,000	____%	____%	
2045	30,000	____%	____%	

[TERM BONDS

Stated Maturity September 1	Principal Amount*	Annual Rate of Interest	Price or Yield	CUSIP⁽¹⁾ Base: 040807
2039	\$	____%	____%	

(all plus accrued interest, if any)

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* Subject to change.

REGARDING THIS PRELIMINARY OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Preliminary Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This 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 SEDGWICK, KANSAS
City Hall
520 N. Commercial/PO Box 131
Sedgwick, Kansas 67135

Governing Body

Bryan Chapman, Mayor
Brenda DeHaven, Councilmember
Dan Hartman , Councilmember
Jeremy Brukholder, Councilmember
Josh Liby, Councilmember
Kramer Siemens, Councilmember

City Staff

Kyle Nordick, City Administrator
Shelia Agee, City Clerk

City Attorney

Jennifer Hill, Esq.
Wichita, Kansas

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

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.

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OFFICIAL STATEMENT
\$370,000*
CITY OF SEDGWICK, KANSAS
TAXABLE GENERAL OBLIGATION BONDS
SERIES 2025A

INTRODUCTION

General Matters

This Preliminary Official Statement including the cover page and appendices hereto (the “Preliminary Official Statement”) is provided to furnish information with respect to the City of Sedgwick, Kansas (the “City” or “Issuer”) and the issuance and delivery of its Taxable General Obligation Bonds, Series 2025A (the “Bonds”) in the aggregate principal amount of \$370,000*, dated May 22, 2025 (the “Dated Date”).

The Appendices to this 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 in denominations of \$5,000 or multiples thereof (the “Authorized Denomination”) with the Office of State Treasurer, Topeka, Kansas serving as Registrar and Paying Agent for the Bonds. See “THE BONDS - Registration and Transfer” herein for additional detail.

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 City. 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 - SUMMARY OF FINANCING DOCUMENTS.”

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 intends to supply its most recent financial statements to the Underwriter and any Bond owner upon written request and reimbursement to the Issuer of the costs of the photocopying and mailing. For a discussion of the impact of the absence of continuous disclosure on the secondary market for the Bonds, see the section captioned “RISK FACTORS AND INVESTMENT CONSIDERATIONS” herein.

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

* Subject to change.

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, 520 N. Commercial/PO Box 131, Sedgwick, Kansas 67135. Additional information regarding the City or the Bonds may be obtained from the Financial Advisor, Ranson Financial Group, LLC, (316) 264-3400.

THE BONDS

Authority and Purpose for the Bonds

The Bonds are being issued pursuant to, and in full compliance with, the Constitution, including Article 12, Section 5 thereof, and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, and K.S.A. 10-620 *et seq.*, all as amended and supplemented from time to time (collectively, the “Act”), and an ordinance and a resolution passed by the governing body of the Issuer on May 7, 2025 (collectively, the “Bond Resolution”) for the purpose of paying the costs associated with the purchase and acquisition of certain real property, and to provide for the payment of the costs associated with the issuance of the Bonds. Additional information regarding the project can be found in the section entitled “THE PROJECT” herein.

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 shall consist of fully registered [book-entry-only] Bonds in an Authorized Denomination and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the inside cover page of this Preliminary Official Statement. The Bonds shall bear interest (computed on the basis of twelve 30 day months) from the later of the Dated Date or the most recent 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 resignation or removal of the paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or bond registrar. Every paying agent or bond registrar appointed by the 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., 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, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Nonpresentment of Bonds

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

Redemption Provisions

Optional Redemption. At the option of the Issuer, the Bonds maturing September 1 in the year 2029, and thereafter, will be subject to redemption and payment prior to maturity on September 1, 2028, and thereafter, as a whole or in part (selection of the amount of Bonds to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

[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 September 1 in each year, the following principal amounts of such [] Term Bonds:

<u>Principal Amount</u>	<u>Year</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 September 1 in each year, the following principal amounts of such [] Term Bonds:

<u>Principal Amount</u> \$	<u>Year</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.

[BOOK-ENTRY ONLY SYSTEM

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

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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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 both 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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.

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

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 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.

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. 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.

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.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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 Issuer or 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, Agent, or 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 Issuer or 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.

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

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

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, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but 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 City or the taxing authority of the City.

Limitations on Remedies Available to Owners of Bonds

The enforceability of the rights and remedies of the owners of Bonds, and the obligations incurred by the City in issuing the Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the

United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Debt Service Source

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."

Premium on Bonds

[The initial offering price of the Bonds that are subject to optional redemption are in excess of the respective principal amounts thereof.] 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 any additional interest or penalty on the Bonds if the interest thereon becomes subject to income 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 Report, the Local Group had an UAAL of approximately \$2.089 billion in calendar year 2023.

Suitability of Investment

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.

Lack of Bond Rating

The Bonds are **not** rated and no application has been made for a rating.

Secondary Market

There is no established secondary market for the Bonds, and 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.

Cybersecurity Risks

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

Natural Disasters or Terrorist Attacks

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

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 PROJECT

The Bonds are being issued to finance certain improvements (the “Improvements”), more specifically described as follows:

<u>Project Description</u>	<u>Ord. No.</u>	<u>Authority</u>	<u>Amount</u>
Purchase and acquisition of certain real property consisting of the Northeast Quarter (NE/4) of the Northeast Quarter (NE/4) of Section Thirty-four (34), Township Twenty-four (24) South, Range One (1) west of the 6 th P.M., Harvy County, Kansas	910	Article 12, Section 5 of Kansas Constitution	\$390,000

APPLICATION OF BOND PROCEEDS

The following table itemizes the sources and uses of funds associated with the issuance of the Bonds:

Sources of Funds:

Principal Amount of the Bonds*	\$370,000.00
[Reoffering Premium]
<i>Total</i>	\$

Uses of Funds:

Deposit to Improvement Fund	\$
Deposit to Costs of Issuance Account	
Underwriters Discount	
<i>Total</i>	\$

* Subject to change.

BOND RATINGS

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

LEGAL MATTERS

Approval of the 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 to the City ("Bond Counsel"). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer 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** – SUMMARY OF FINANCING DOCUMENTS." Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds. Certain other legal matters will be passed upon by Jennifer Hill, Esq., counsel for the Issuer.

TAX MATTERS

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

Opinion of Bond Counsel

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

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

Other Tax Consequences

No Federal Tax Exemption The interest on the Bonds is included in gross income for federal income tax purposes.

[**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 the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. If the original issue discount on a Bond is more than a *de minimis* amount (generally $\frac{1}{4}$ of 1% of the stated redemption price at maturity of the Bond multiplied by either (a) the number of complete years to the maturity date of the Bond, or (b) the weighted average maturity of the Bond, in the case of a Bond providing for the mandatory, or in certain cases optional, payment prior to its maturity date), then that Bond will be treated as issued with original issue discount. 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 included in 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 Section 171 of the Code, the owner of a Bond having bond premium may elect to amortize the premium over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. An owner of a Bond amortizes bond premium by offsetting the qualified stated interest allocable to an accrual period with the bond premium allocable to that accrual period. This offset occurs when the owner takes the qualified stated interest into income under the owner’s regular method of accounting. If the premium allocable to an accrual period exceeds the qualified stated interest for that period, the excess is treated by the owner as a deduction under Section 171(a)(1) of the Code. As premium is amortized, the owner’s basis in the Bond will be reduced by the amount of amortizable bond premium properly allocable to the owner. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange, Legal Defeasance or Retirement of Bonds. Upon the sale, exchange, legal defeasance 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, legal defeasance 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 a Bond is 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.

Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

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.

The Issuer certifies that there is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the issuing municipality 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 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 in relation to the issuance or sale thereof, or the levy and collection of a tax.

FINANCIAL ADVISOR

Ranson Financial Group LLC, Wichita, Kansas (the “Financial Advisor”) has acted as financial advisor to the Issuer in connection with the sale of the Bonds. The Financial Advisor has assisted the Issuer in the preparation of this Preliminary Official Statement and in other matters relating to the issuance of the Bonds. Ranson Financial Group LLC is an independent

advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The fees of the Financial Advisor are contingent upon the issuance of the Bonds.

INITIAL PURCHASE

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 set forth on the inside cover page of this 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 Underwriter 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.

ADDITIONAL INFORMATION

Any statements in this Preliminary Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Preliminary Official Statement is not to be construed as a contract or agreement between the City and the Bondowners.

This Preliminary Official Statement is submitted only in connection with the sale and delivery of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

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 SEDGWICK, KANSAS

By _____
Bryan Chapman, Mayor

ATTEST:

Shelia Agee, City Clerk

APPENDIX A

GENERAL INFORMATION CONCERNING THE ISSUER

Size and Location

The City of Sedgwick, Kansas (the “City”) is split between Sedgwick and Harvey County, Kansas, and is located approximately 25 miles North of Wichita, Kansas (“Wichita”). The City encompasses approximately one and a half square miles and has a current estimated population of 1,581 persons.

Government and Organization of the City

The City of Sedgwick, Kansas, incorporated in 1872 is a city of the third class under the laws of the State of Kansas and has a Mayor-Council form of government. The Mayor and five Councilmembers are elected at large and serve staggered four-year terms. City Council terms are determined by charter ordinance. The City Administrator is appointed by the Council.

The principal officials and officers of the City as of the submission date of this report are as follows:

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Bryan Chapman	04/2001 to 01/2026
Council Members:	Brenda DeHaven	01/2020 to 01/2028
	Dan Hartman	01/2022 to 01/2026
	Jeremy Burkholder	04/2025 to 01/2028
	Josh Liby	01/2024 to 01/2028
	Kramer Siemens	01/2022 to 01/2026
City Administrator	Kyle Nordick	N/A
City Clerk	Shelia Agee	05/2023 to 01/2025
City Attorney	Jennifer Hill, Esq.	N/A

Management Personnel

The City Administrator is employed by the City and in turn employs other staff members. The Mayor appoints, confirmed by the City Council, the City Clerk. Together these positions carry out the provisions of the City services.

Public Safety

The City has two full-time law enforcement employees and two part-time law enforcement employees, all of which are sworn officers. There are currently openings for one full-time and two part-time officers. Fire protection is provided by the City, which operates with 18 volunteer firefighters. The City operates its own emergency ambulance service for the City and surrounding area. Five full-time and 25 part-time employees make up the EMS staff.

Municipal Services and Other Utilities

The City provides water, sewer, trash utility, and recycling services to residents of the City. Electricity is provided to residents by Evergy Energy. Natural gas is provided by Kansas Gas Service. Telephone, internet, and cable service is provided by AT&T Kansas Telephone Company and IdeaTek. Other various service providers offer local telephone, internet, and cable service.

Transportation Facilities

The City is located six miles west of Interstate 35 in between the City of Wichita and the City of Newton. Newton City-County Airport, primarily serving general aviation is located 17 miles Northeast of the City. Wichita Dwight D. Eisenhower National Airport is located 17 miles South of the City and provides regularly scheduled air service.

Educational Institutions and Facilities

Unified School District No. 439 operates one elementary school, and one senior high school in the City and surrounding area. The district has a full-time equivalent enrollment of approximately 508 students for the 2024/25 school year.

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>
Wichita State University	Wichita, KS	16	12,203
Wichita State University Tech	Wichita, KS	16	3,616
Friends University	Wichita, KS	17	2,024
Newman University	Wichita, KS	18	2,066
Hutchinson Community College	Hutchinson, KS	30	3,268
Butler Community College	El Dorado, KS	31	4,297

Medical and Health Facilities

Newton Medical Center is located within 15 miles of the City and provides major medical services to the City and surrounding area. Wichita Hospitals, Via Christi St. Francis, Via Christi St. Joseph and Wesley Medical are all within 25 miles of the City. The Medical Plaza of Valley Center, a clinic associated with the Newton Medical Center, is located 9 miles south of the City and provides family medicine and specialty physicians. Diversicare of Sedgwick provides rehabilitation care, short and long-term care, hospice care and assisted living.

Recreational, Cultural and Religious Facilities

The City offers sporting events, a public swimming pool, recreation center, public parks that feature playground equipment, picnic facilities, including shelter houses, summer recreational programs, and many different clubs and other organizations.

A wide variety of cultural and entertainment options are available to residents at the Lillian Tear Library, Sedgwick Historical Museum and the Senior Center. There are 24 historical sites registered with the Kansas Historical Society located within Harvey County. Sedgwick’s downtown is listed on the historical register and one residence is located within the City limits.

The City has four churches that serve the community.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City follows a cash basis of accounting for all tax funds of the City, including the General Fund, which is designed to show compliance with the cash-basis and budget laws of 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 September 20 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 (or by July 1 for tax year 2024), 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. The notice must include the following information: (1) the heading "NOTICE OF PROPOSED PROPERTY TAX INCREASE AND PUBLIC HEARINGS"; (2) a statement that the notice contains estimates of the property tax and proposed property tax increases, actual taxes may increase or decrease from the estimates provided, the governing body will vote at a public hearing to exceed the revenue neutral rate, taxpayers may attend and comment at the hearing, and property tax statements will be issued after mill rates are finalized and taxes are calculated; (3) the appraised value and assessed value of the taxpayer's property for the current year and the previous year; (4) the amount of property tax of the taxing subdivision on the taxpayer's property from the previous year's tax statement; (5) the estimated amount of property tax for the current year of the taxing subdivision on the taxpayer's property based on the revenue neutral rate of the taxing subdivision; (6) the estimated amount of property tax for the current year of the taxing subdivision on the taxpayer's property based on the proposed tax rate provided by the taxing subdivision; (7) the difference between the amount of the current year's maximum tax and the previous year's tax, reflected in dollars and a percentage, for the taxing subdivision; (8) the date, time and location of the public hearing of the taxing subdivision; and (9) the difference between the current year's maximum tax and the estimated amount of property tax based on the revenue neutral rate 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 will 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 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. However, if a taxing subdivision does not comply with the notice and hearing requirements of the Revenue Neutral Tax Act because it did not intend to exceed its revenue neutral rate, but the final assessed valuation of such taxing subdivision used to calculate the actual levy is less than the estimated assessed valuation used to calculate the revenue neutral rate, such taxing subdivision is permitted to levy a tax rate that generates the same amount of property tax revenue as levied the prior year or less.

The City cannot predict the impact of the Revenue Neutral Tax Act on the ratings on the Bonds, or the general rating of the City. A change in the rating on the Bonds or 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.

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 Harvey and Sedgwick County Appraisers' offices determines the fair market value of all taxable property within Harvey and Sedgwick 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 20%, (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:

HARVEY COUNTY

Levy Year	Budget Year	Real Property	Personal Property	Utilities	Motor Vehicles	Total Valuation
2024	2025	\$10,840,892 ⁽¹⁾	\$72,589 ⁽¹⁾	\$692,804 ⁽¹⁾	\$1,727,529	\$13,333,814
2024	2025	10,882,298 ⁽²⁾	72,232 ⁽²⁾	692,804 ⁽²⁾	1,727,529	13,374,863
2023	2024	9,793,130	79,667	657,372	1,660,436	12,190,605
2022	2023	8,995,974	86,140	640,271	1,614,739	11,337,124
2021	2022	8,441,817	76,753	601,630	1,676,505	10,796,705
2020	2021	8,222,923	74,108	682,225 ⁽¹⁾	1,660,641	10,639,897

⁽¹⁾ Final valuation figures certified as of November 1, 2024.

⁽²⁾ Preliminary valuation figures as of July 15, 2024 for budgeting purposes.

Source: Harvey County Clerk

SEDGWICK COUNTY

Levy Year	Budget Year	Real Property	Personal Property	Utilities	Motor Vehicles	Total Valuation
2024	2025	\$2,371,979 ⁽¹⁾	\$60,980 ⁽¹⁾	\$ 95,840 ⁽¹⁾	\$207,865	\$2,736,664
2024	2025	2,371,979 ⁽²⁾	61,302 ⁽²⁾	95,840 ⁽²⁾	207,865	2,736,986
2023	2024	2,131,574	58,008	100,434	193,643	2,483,659
2022	2023	1,902,658	59,942	104,435	187,623	2,254,658
2021	2022	1,931,110	61,672	97,128	191,337	2,281,247
2020	2021	1,615,338	58,545	80,720	180,249	1,934,852

⁽¹⁾ Final valuation figures certified as of November 1, 2024.

⁽²⁾ Preliminary valuation figures as of July 15, 2024 for budgeting purposes.

Source: Sedgwick County Clerk

TOTAL

Levy Year	Budget Year	Real Property	Personal Property	Utilities	Motor Vehicles	Total Valuation
2024	2025	\$13,212,871	\$133,569	\$788,644	\$1,935,394	\$16,070,478
2024	2025	13,254,277	133,534	788,644	1,935,394	16,111,849
2023	2024	11,924,704	137,675	757,806	1,854,079	14,674,264
2022	2023	10,898,632	146,082	744,706	1,802,362	13,591,782
2021	2022	10,372,927	138,425	698,758	1,867,842	13,077,952
2020	2021	9,838,261	132,653	762,945	1,840,890	12,574,749

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 September 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:

Levy Year	Budget Year	General	Bond & Interest	Employee Benefits	Library ⁽¹⁾	Total Levy ⁽²⁾	Township	Total Levy ⁽³⁾
2024	2025	32.948	13.611	24.588	4.064	75.211	0.300	75.511
2023	2024	42.878	14.670	13.712	3.723	74.983	0.299	75.282
2022	2023	34.536	20.671	15.785	3.998	74.990	0.324	75.314
2021	2022	34.648	22.782	13.547	3.998	74.975	0.316	75.291
2020	2021	32.142	25.867	13.549	3.432	74.990	0.301	75.291

⁽¹⁾ Includes levy for Library's employee's benefits.

⁽²⁾ Total levy for residents living in Sedgwick County.

⁽³⁾ Total levy for residents living in Harvey County.

Source: Harvey & Sedgwick County Clerks

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

Tax Year	Budget Year	City	Harvey County	USD No. 439⁽¹⁾	State	Cemetery District	Total⁽²⁾	Watershed District⁽³⁾	Drainage District⁽³⁾
2024	2025	75.511	43.622	68.232	1.500	1.256	190.121	0.269	1.345
2023	2024	75.282	43.593	67.474	1.500	1.328	189.177	0.266	1.409
2022	2023	75.314	43.604	61.678	1.500	1.440	183.536	0.265	1.506
2021	2022	75.291	42.629	45.057	1.500	1.371	165.848	0.262	1.556
2020	2021	75.291	42.649	45.172	1.500	1.408	166.020	0.260	1.583

⁽¹⁾ Includes levy for recreation commission.

⁽²⁾ Total tax levy that applies to small portion of residents that are not part of the watershed district or the joint drainage district.

⁽³⁾ Tax levies for the watershed district or joint drainage district are applicable to all other residents of the City with the majority falling within the watershed district as opposed to the joint drainage district.

Source: Harvey County Clerk

The aggregate tax levies (per \$1000 assessed valuation) of the City for Sedgwick County residents and overlapping jurisdictions for the years indicated are included in the following table:

Tax Year	Budget Year	City	Sedgwick County	USD No. 439⁽¹⁾	State	Cemetery District	Township	Total
2024	2025	75.211	28.701	68.232	1.500	1.256	0.835	175.735
2023	2024	74.983	28.988	67.474	1.500	1.328	0.894	175.167
2022	2023	74.990	29.368	61.678	1.500	1.440	0.797	169.773
2021	2022	74.975	29.370	45.057	1.500	1.371	0.754	153.027
2020	2021	74.990	29.376	45.172	1.500	1.408	0.909	153.355

⁽¹⁾ Includes levy for recreation commission.

Source: Sedgwick County Clerk

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

Levy Year	Collection Year	Total Levy	Total Taxes Levied (\$)	Current Taxes Collected (\$)	Current Taxes Collected (%)	Delinquent Taxes Collected (\$)	Delinquent & Current Taxes Collected (%)
2024	2025	75.511	\$1,062,976	\$600,709	56.51%	\$12,926	57.73%
2023	2024	75.282	959,266	938,593	97.84%	9,404	98.83%
2022	2023	75.314	866,052	872,910	98.52%	12,179	99.89%
2021	2022	75.291	843,217	818,173	97.03%	8,674	98.06%
2020	2021	75.291	807,300	794,329	98.39%	34,046	102.61%

Source: Harvey & Sedgwick County Clerks & Treasurers

Major Taxpayers. The following tables set forth the ten largest taxpayers in the City based on total assessed valuation and total taxes levied in the most recent tax collection period (2024/25):

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxpayer</u>	<u>Taxes Levied</u>
1. Kanza CO-OP Assoc.	\$679,722	1. Kanza CO-OP Assoc.	\$129,339
2. JES LLC	468,463	2. Kansas Gas Service (Div of One Gas)	44,076
3. Wilbur-Ellis Co.	271,725	3. Diversicare Sedgwick Property LLC	35,840
4. Kansas Gas Service (Div. of One Gas)	231,512	4. JES LLC	35,233
5. Evergy KS South, Inc.	207,388	5. Evergy KS South, Inc.	33,270
6. STG Group LLC	204,382	6. BNSF	28,666
7. Diversicare Sedgwick Property LLC	188,250	7. Union Pacific Railroad Co	25,707
8. Sedgwick, City of	178,585	8. Wilbur-Ellis Co.	20,436
9. Tim R. Schwab Inc.	168,560	9. Legacy Bank	17,190
10. BNSF	150,565	10. Individual	15,409

Source: Harvey & Sedgwick County Clerks

Pension and Employee Retirement Plans

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

As of June 30, 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).

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.

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

According to the Valuation Report as of December 31, 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. 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. 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.

History of Employment

The following table indicates the history of the City's employment for the years indicated.

<u>Year</u>	<u>Total Full-Time Employees</u>	<u>Total Part-Time Employees</u>	<u>Total Part-Seasonal Employees</u>	<u>Total</u>
2024	10	25	20	55
2023	10	23	17	50
2022	10	24	17	51
2021	9	20	15	44
2020	11	13	13	37

Source: City Clerk

Risk Management

The City is insured against the risks arising from general liability by Conrade Insurance and employee medical coverage by Blue Cross Blue Shield of Kansas. Workman's compensation insurance is provided by Kansas Municipal Insurance Trust.

CITY'S AUTHORITY TO INCUR DEBT

Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations ⁽¹⁾	\$16,111,849
Legal limitation of Bonded Debt ⁽²⁾	\$4,833,554
Outstanding general obligation debt as of May 22, 2025	\$1,740,674
Exempt Debt.....	\$655,140
Net Debt against Statutory Debt limit capacity	\$1,085,534
Additional debt capacity	\$3,748,021
Direct debt per capita.....	\$1,101
Overlapping Indebtedness	\$7,472,233
Direct and overlapping debt.....	\$9,212,908
Direct and overlapping debt per capita	\$5,827
Direct debt as a percentage of Assessed Valuation.....	10.80%
Direct and overlapping debt as a percentage of Assessed Valuation.....	57.18%
Statutory direct debt as a percentage of Equalized Assessed Valuation.....	6.74%

⁽¹⁾ 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.*

⁽²⁾ See K.S.A. 10-301 *et seq.*

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of May 22, 2025, and the percent attributable (on the basis of assessed valuation not including motor vehicle valuation) to the City:

<u>Taxing Jurisdiction</u>	<u>2024 Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness⁽¹⁾</u>	<u>Percent Applicable to The City</u>	<u>Amount Applicable to The City</u>
Sedgwick County	\$6,952,605,137	\$57,715,000	0.20%	\$ 117,338
Harvey County	401,722,610	1,500,000	3.52%	52,779
U.S.D. No. 439	26,006,826	13,435,000	54.35%	<u>7,302,116</u>
TOTAL				\$7,472,233

⁽¹⁾ 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 tables set forth all of the outstanding obligations of the City:

**GENERAL OBLIGATION BONDS
(As of May 22, 2025)**

<u>Description of Indebtedness</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Included in Debt Limitation</u>
General Obligation Refunding & Improvement Bonds	2010	09/01/2030	\$2,620,000	\$ 140,000	\$ 36,373
General Obligation Bonds	2011	11/28/2041	195,000	135,674	135,674
General Obligation Bonds	2015-A	09/01/2025	225,000	25,000	25,000
General Obligation Bonds	2016	09/01/2026	215,000	44,000	15,315
General Obligation Refunding Bonds	2017-A	09/01/2030	1,325,000	980,000	457,172
General Obligation Bonds	2021-A	09/01/2036	46,000	46,000	46,000
Taxable General Obligation Bonds ⁽¹⁾	2025-A	09/01/2045	370,000	<u>370,000</u>	<u>370,000</u>
TOTAL				\$1,740,674	\$1,085,534

⁽¹⁾ This issue

TEMPORARY NOTES

As of May 22, 2025, the City had no temporary notes outstanding.

CERTIFICATES OF PARTICIPATION

As of May 22, 2025, the City had no certificates of participation outstanding.

REVENUE BONDS OUTSTANDING

As of May 22, 2025, the City had no revenue bonds outstanding.

CAPITAL LEASE OBLIGATIONS (As of May 22, 2025)

<u>Description</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
2021 Durangos	2021	03/01/2027	\$87,234	\$23,155

LOAN OBLIGATIONS

As of May 22, 2025, the City had no loans outstanding.

PUBLIC BUILDING COMMISSION REVENUE BONDS OUTSTANDING

As of May 22, 2025, 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 is evaluating plans to issue temporary notes as intermediary financing for a water and sewer project that will ultimately be bonded and utilize special assessments as a repayment source. Additionally, the City's public buildings commission is evaluating plans to issue revenue bonds, financing renovations to the City's fire station. The exact size and scope of these projects is still being discussed.

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 Harvey and Sedgwick County and the City in the years indicated:

<u>Year</u>	<u>Harvey County Population</u>	<u>Sedgwick County Population</u>	<u>City Population</u>
2023	33,504	528,469	1,581
2022	33,801	525,525	1,598
2021	33,817	523,828	1,598
2020	34,024	523,824	1,603
2019	34,429	516,042	1,658
2010	34,684	498,365	1,695

Source: State of Kansas – Division of Budget (2019, 2021-2023); U.S. Census Bureau (2010, 2020)

Labor Force

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

HARVEY COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2024	17,835	17,089	746	4.2%
2023	17,372	16,866	506	2.9%
2022	17,120	16,687	433	2.5%
2021	16,918	16,421	497	2.9%
2020	16,930	16,030	900	5.3%

SEDGWICK COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2024	273,618	262,880	10,738	3.9%
2023	258,378	250,765	7,613	2.9%
2022	255,813	247,806	8,007	3.1%
2021	255,086	243,391	11,695	4.6%
2020	257,217	234,769	22,448	8.7%

STATE OF KANSAS

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2024	1,545,790	1,490,553	55,237	3.6%
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%

Currently, the Kansas Department of Labor estimates an unemployment rate of 4.1% for Harvey County, 4.4% for Sedgwick County and 4.1% for the State of Kansas for the month of February 2025.

Source: Kansas Statistical Abstract (2020 data); Kansas Department of Labor (2021 – 2024 data and February 2025 estimate)

Retail Sales and Use Tax Collections

The following table lists State of Kansas sales tax collections (excluding local sales tax) for the years indicated for sales occurring in Harvey and Sedgwick County:

<u>Year</u>	<u>Harvey County Sales and Use Tax Collections</u>	<u>Harvey County Per Capita Sales and Use Tax</u>	<u>Sedgwick County Sales and Use Tax Collections</u>	<u>Sedgwick County Per Capita Sales and Use Tax</u>
2023	\$35,072,823	\$1,076.76	\$833,909,688	\$1,607.64
2022	35,547,605	1,003.28	846,942,027	1,531.27
2021	32,552,727	916.18	762,214,079	1,360.99
2020	29,298,631	837.05	666,114,395	1,271.20
2019	28,667,538	803.65	656,724,476	1,234.11

Source: Kansas Statistical Abstract

Oil Production

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

<u>Year</u>	<u>Harvey County Oil Production</u>	<u>Sedgwick County Oil Production</u>
2024	72,536	79,237
2023	72,654	84,961
2022	82,217	91,824
2021	84,948	94,900
2020	86,595	98,374

Source: Kansas Geological Survey

Financial and Banking Institutions

There are currently 11 banks, with 19 different branch locations, located in Harvey County. During a five-year period, bank deposits of Harvey County's banks are as follows:

HARVEY COUNTY

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2024	\$876,684
2023	916,663
2022	805,376
2021	775,297
2020	721,855

Source: FDIC

There are currently 38 banks, with 152 different branch locations, located in Sedgwick County. During a five-year period, bank deposits of Sedgwick County's banks are as follows:

SEDGWICK COUNTY

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2024	\$18,679,979
2023	19,077,135
2022	17,990,588
2021	18,605,019
2020	16,661,846

Source: FDIC

Personal Income Trends

The following table lists Harvey and Sedgwick County's personal and per capita incomes and per capita income for the State of Kansas for the years indicated:

<u>Year</u>	<u>Harvey County Personal Income (\$000)</u>	<u>Harvey County Per Capita Income</u>	<u>Sedgwick County Personal Income (\$000)</u>	<u>Sedgwick County Per Capita Income</u>	<u>State Per Capita Income</u>
2023	\$1,832,503	\$54,695	\$32,480,499	\$61,462	\$66,115
2022	1,716,155	50,722	31,411,750	59,722	60,424
2021	1,678,741	49,642	30,231,865	57,173	58,924
2020	1,601,329	46,698	29,400,927	56,550	56,099
2019	1,529,186	44,416	27,647,784	53,577	53,426

Source: U.S. Bureau of Economic Analysis

APPENDIX B

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

CITY OF SEDGWICK, KANSAS

FINANCIAL STATEMENT

WITH

INDEPENDENT AUDITOR'S REPORT

December 31, 2023

CITY OF SEDGWICK, KANSAS
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April 16, 2024

Mayor and Council Members
City of Sedgwick, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Sedgwick, Kansas (the City), as of and for the year ended December 31, 2023 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 matter 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, 2023, 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, 2023, and the aggregate receipts and expenditures for they year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) 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 KMAAG. 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 audits. 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 the 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 KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note 1; this includes determining 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 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.

Auditor's 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, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. 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.

Varyney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

CITY OF SEDGWICK, KANSAS
SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2023

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Funds							
General Fund	\$ 187,761	\$ -	\$ 1,265,368	\$ 1,271,083	\$ 182,046	\$ -	\$ 182,046
Special Purpose Funds							
Employee Benefits	71,546	-	267,540	241,430	97,656	-	97,656
Library	1,111	-	56,512	54,034	3,589	-	3,589
Special Street and Highway	27,582	-	214,652	242,219	15	-	15
Special Parks and Recreation	18,801	-	7,604	24,626	1,779	-	1,779
East Park Pond Project	5,315	-	46	122	5,239	-	5,239
Capital Improvement	833,730	-	366,328	234,898	965,160	-	965,160
Capital Equipment	547,216	-	142,353	250,273	439,296	-	439,296
ARPA	126,137	-	-	60,380	65,757	-	65,757
OPIOID/Drug Settlement	2,683	-	4,625	2,000	5,308	-	5,308
Operating Reserve	-	-	4,820	-	4,820	-	4,820
Chamber of Commerce	-	-	5,946	5,926	20	-	20
Bond and Interest	7,892	-	394,980	385,856	17,016	-	17,016
Business							
Water Operating	97,350	-	415,471	412,198	100,623	9,459	110,082
Refuse	9,166	-	124,173	122,719	10,620	-	10,620
Wastewater Treatment	83,475	-	285,359	302,040	66,794	-	66,794
Water Reserve	2,068	-	-	2,068	-	-	-
Wastewater Treatment Reserve	2,068	-	-	2,068	-	-	-
Total Reporting Entity	\$ 2,023,901	\$ -	\$ 3,555,777	\$ 3,613,940	\$ 1,965,738	\$ 9,459	\$ 1,975,197

Composition of Cash

Checking	\$ 99,259
Money Market	5,370
Savings	1,768,872
Certificates of deposit	101,346
Petty cash	350
Total Reporting Entity	\$ 1,975,197

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2023

Note 1: Summary of Significant Accounting Policies

The City of Sedgwick, Kansas (the City) is a municipal corporation governed by an elected six-member council and mayor. The financial statement presents the City and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

Regulatory Basis Fund Types

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the financial statement in this report, the various funds are grouped into generic fund types and broad fund categories as follows:

General Fund - The general fund is the chief operating fund of the City. It is used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds - Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified purposes.

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

Business Funds - Business funds are used to account for funds financed in whole or in part by fees charged to users of the goods or services.

Basis of Accounting

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

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

Budgetary Information

The City Charter establishes the fiscal year as the twelve-month period beginning January 1. The Mayor and City Council prepare a budget of estimated expenditures and receipts for the ensuing fiscal year in accordance with State of Kansas Statutes. These statutes require that an annual operating budget be adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

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

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements 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:

East Park Pond Project	Capital Improvement
Capital Equipment	ARPA
OPIOID/Drug Settlement	Water Reserve
Wastewater Treatment Reserve	Operating Reserve
Chamber of Commerce	

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.

Special Assessments

Projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured in full by the City and are retired from the City's bond and interest fund. Further, state statutes permit the levying of additional general ad valorem property taxes in the City's bond and interest fund to finance delinquent special assessments. Special assessment taxes are levied over a ten or fifteen-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears.

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2023

Note 2: Deposits and Investments

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

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has 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 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 coverage is 50%. The City does not utilize "peak periods". All deposits were legally secured at December 31, 2023.

As of December 31, 2023, the City's carrying amount of the deposits was \$1,974,847 and the bank balance was \$2,019,888. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Note 3: Defined Benefit Pension Plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66503) or by calling 1-888-275-5737.

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limited on annual increases in the employer contribution rates. The actuarially determined employee contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for fiscal year ended December 31, 2023. Contributions to the pension plan from the City were \$41,254 for the year ended December 31, 2023.

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2023

Note 3: Defined Benefit Pension Plan (Continued)

Net Pension Liability

At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was \$423,861. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. 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 assumption and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at www.kpers.org or can be obtained as described above.

Note 4: Post-Employment Benefits

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

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

Note 5: Compensated Absences

Full-time employees are entitled to paid vacation according to the following schedule:

Years of Service	Accrual
After 1 Year	5 Days
Years 3 through 7	10 Days
After 7 Years	15 Days

Employees are allowed to carryover five days into the next year, which must be used or lost. A maximum of five days per year may be purchased in lieu of vacation. Accrued vacation time has not been recorded as a liability in the accompanying financial statement.

Full-time employees earn one day of sick leave per month, which can be accumulated to a maximum of 720 hours. Unused sick leave is not paid upon termination. On retirement from city employment, one-half (1/2) of accumulated sick leave shall be paid if the retiree has retained at least 90% (648 hours) of the maximum accumulated hours or one-third (1/3) of accumulated sick leave shall be paid if the retiree has retained at least 70% (504 hours) of the maximum accumulated hours. Unused sick leave has not been recorded in the accompanying financial statement.

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2023

Note 6: Contingencies

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Grant Programs

The City participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Note 7: Interfund Transfers

Transfers for the year were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	Capital Improvement	K.S.A. 12-1, 117	\$ 130,000
General	Capital Equipment	K.S.A. 12-1, 117	100,000
Special Street and Highway	Capital Improvement	K.S.A. 12-1, 118	108,687
Water Operating	General	K.S.A. 12-825d	20,428
Water Operating	Employee Benefits	K.S.A. 12-825d	29,135
Water Operating	Capital Improvement	K.S.A. 12-825d	41,422
Refuse	General	K.S.A. 12-825d	6,160
Refuse	Capital Improvement	K.S.A. 12-825d	26,621
Refuse	Employee Benefits	K.S.A. 12-825d	301
Wastewater Treatment	General	K.S.A. 12-825d	13,994
Wastewater Treatment	Employee Benefits	K.S.A. 12-825d	27,128
Wastewater Treatment	Capital Improvement	K.S.A. 12-825d	56,660
Special Parks and Recreation	Capital Equipment	K.S.A. 12-1, 117	19,922
			<u>\$ 580,458</u>

Note 8: Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through April 16, 2024, which is the date at which the financial statement was available to be issued.

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2023

Note 9: Changes in Long-Term Debt

The following is a summary changes in long-term debt for the year:

ISSUE	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2010	2.00 - 4.38%	7/15/2010	\$ 2,620,000	09/01/25	\$ 400,000	\$ -	\$ 130,000	\$ (130,000)	\$ 270,000	\$ 16,175
Series 2011	3.75%	11/28/2011	195,000	11/28/41	146,746	-	5,434	(5,434)	141,312	5,503
Series 2012-A	2.00 - 2.87%	10/1/2012	1,380,000	09/01/24	95,000	-	45,000	(45,000)	50,000	2,731
Series 2015-A	.45 - 2.80%	4/28/2015	255,000	09/01/25	85,000	-	30,000	(30,000)	55,000	2,185
Series 2016	1.00 - 3.20%	5/10/2016	215,000	09/01/26	88,000	-	22,000	(22,000)	66,000	2,354
Series 2017	3.00%	7/27/2017	1,325,000	09/01/30	1,155,000	-	85,000	(85,000)	1,070,000	34,650
Series 2021	3.50%	1/21/2021	53,981	09/01/36	52,000	-	3,000	(3,000)	49,000	1,820
Total General Obligation Bonds					<u>\$ 2,021,746</u>	<u>\$ -</u>	<u>\$ 320,434</u>	<u>\$ (320,434)</u>	<u>\$ 1,701,312</u>	<u>\$ 65,418</u>
Finance Leases										
Police vehicles	3.50%	10/06/21	\$ 87,234	03/01/27	\$ 73,694	\$ -	\$ 13,925	\$ (13,925)	\$ 59,769	\$ 2,095
TOTAL LONG-TERM DEBT					<u>\$ 2,095,440</u>	<u>\$ -</u>	<u>\$ 334,359</u>	<u>\$ (334,359)</u>	<u>\$ 1,761,081</u>	<u>\$ 67,513</u>

CITY OF SEDGWICK, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2023

Note 9: Changes in Long-Term Debt (Continued)

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

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029 - 2033</u>	<u>2034 - 2038</u>	<u>2039 - 2042</u>	<u>Total</u>
Principal									
General Obligation Bonds									
Series 2010	\$ 130,000	\$ 140,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,000
Series 2011	5,638	5,849	6,069	6,296	6,532	36,525	43,907	30,496	141,312
Series 2012-A	50,000	-	-	-	-	-	-	-	50,000
Series 2015-A	30,000	25,000	-	-	-	-	-	-	55,000
Series 2016	22,000	22,000	22,000	-	-	-	-	-	66,000
Series 2017	90,000	100,000	160,000	170,000	180,000	370,000	-	-	1,070,000
Series 2021	3,000	3,000	3,000	3,000	4,000	20,000	13,000	-	49,000
Finance Leases									
Police vehicles	14,320	14,728	15,146	15,575	-	-	-	-	59,769
Total Principal	<u>\$ 344,958</u>	<u>\$ 310,577</u>	<u>\$ 206,215</u>	<u>\$ 194,871</u>	<u>\$ 190,532</u>	<u>\$ 426,525</u>	<u>\$ 56,907</u>	<u>\$ 30,496</u>	<u>\$ 1,761,081</u>
Interest									
General Obligation Bonds									
Series 2010	\$ 10,975	\$ 5,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,750
Series 2011	5,299	5,088	6,868	4,641	4,405	18,161	10,780	2,315	57,557
Series 2012-A	719	-	-	-	-	-	-	-	719
Series 2015-A	1,480	700	-	-	-	-	-	-	2,180
Series 2016	1,870	1,320	704	-	-	-	-	-	3,894
Series 2017	32,100	29,400	26,400	21,600	16,500	16,650	-	-	142,650
Series 2021	1,715	1,610	1,505	1,400	1,295	4,375	945	-	12,845
Finance Leases									
Police vehicles	1,700	1,292	874	444	-	-	-	-	4,310
Total Interest	<u>\$ 55,858</u>	<u>\$ 45,185</u>	<u>\$ 36,351</u>	<u>\$ 28,085</u>	<u>\$ 22,200</u>	<u>\$ 39,186</u>	<u>\$ 11,725</u>	<u>\$ 2,315</u>	<u>\$ 240,905</u>
Total Principal and Interest	<u>\$ 400,816</u>	<u>\$ 355,762</u>	<u>\$ 242,566</u>	<u>\$ 222,956</u>	<u>\$ 212,732</u>	<u>\$ 465,711</u>	<u>\$ 68,632</u>	<u>\$ 32,811</u>	<u>\$ 2,001,986</u>

REGULATORY-REQUIRED SUPPLEMENTAL INFORMATION

CITY OF SEDGWICK, KANSAS
SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2023

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (under)</u>
Governmental Funds					
General	\$ 1,446,422	\$ -	\$ 1,446,422	\$ 1,271,083	\$ (175,339)
Special Purpose Funds					
Employee Benefits	315,398	-	315,398	241,430	(73,968)
Library	56,970	-	56,970	54,034	(2,936)
Special Street and Highway	356,039	-	356,039	242,219	(113,820)
Special Parks and Recreation	24,626	-	24,626	24,626	-
Bond and Interest	400,626	-	400,626	385,856	(14,770)
Business					
Water Operating	490,339	-	490,339	412,198	(78,141)
Refuse	123,804	-	123,804	122,719	(1,085)
Wastewater Treatment	360,148	-	360,148	302,040	(58,108)
Totals	<u>\$ 3,574,372</u>	<u>\$ -</u>	<u>\$ 3,574,372</u>	<u>\$ 3,056,205</u>	<u>\$ (518,167)</u>

CITY OF SEDGWICK, KANSAS
GENERAL
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Ad valorem tax	\$ 400,997	\$ 410,577	\$ (9,580)
Delinquent taxes	2,955	8,700	(5,745)
Motor vehicle taxes	56,901	58,122	(1,221)
Recreational vehicle tax	1,113	1,158	(45)
16/20 tax	12	229	(217)
Local alcoholic liquor tax	6,568	4,573	1,995
Sales tax	447,943	364,943	83,000
Licenses and permits	11,889	12,262	(373)
Franchise tax	120,730	107,276	13,454
Ambulance services	728	-	728
Police fines and fees	57,243	35,339	21,904
Pool admissions and concessions	29,682	28,729	953
Reimbursements	20,050	21,905	(1,855)
Township fire protection fees	30,232	19,521	10,711
Interest	30,346	4,264	26,082
Miscellaneous	7,397	9,239	(1,842)
Transfers in	40,582	39,951	631
Total Cash Receipts	\$ 1,265,368	\$ 1,126,788	\$ 138,580
EXPENDITURES			
Administration	\$ 297,742	\$ 291,905	\$ 5,837
Ambulance	189,000	196,350	(7,350)
Police	192,860	227,149	(34,289)
Fire	50,393	61,922	(11,529)
Legal	43,117	51,659	(8,542)
Swimming Pool	67,770	61,405	6,365
Community Relations	27,257	29,500	(2,243)
Parks	17,315	18,850	(1,535)
Cemetery	14,733	15,742	(1,009)
Streets	95,450	101,559	(6,109)
Maintenance	45,446	57,831	(12,385)
Transfers out	230,000	157,550	72,450
Cash Forward	-	175,000	(175,000)
Total Expenditures	\$ 1,271,083	\$ 1,446,422	\$ (175,339)
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (5,715)		
UNENCUMBERED CASH - JANUARY 1	187,761		
UNENCUMBERED CASH - DECEMBER 31	\$ 182,046		

CITY OF SEDGWICK, KANSAS
EMPLOYEE BENEFITS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
Ad valorem tax	\$ 181,245	\$ 195,783	\$ (14,538)
Delinquent taxes	1,228	-	1,228
Motor vehicle taxes	22,303	17,713	4,590
Recreational vehicle tax	437	762	(325)
16/20 tax	5	151	(146)
Interest	2	-	2
Reimbursements	5,756	-	5,756
Transfers in	56,564	49,776	6,788
Total Cash Receipts	<u>\$ 267,540</u>	<u>\$ 264,185</u>	<u>\$ 3,355</u>
EXPENDITURES			
Personnel Services	\$ 241,430	\$ 274,259	\$ (32,829)
Cash Basis Reserve	-	41,139	(41,139)
Total Expenditures	<u>\$ 241,430</u>	<u>\$ 315,398</u>	<u>\$ (73,968)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 26,110		
UNENCUMBERED CASH - JANUARY 1	<u>71,546</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 97,656</u>		

CITY OF SEDGWICK, KANSAS
LIBRARY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
Ad valorem tax	\$ 45,907	\$ 50,046	\$ (4,139)
Delinquent taxes	336	854	(518)
Motor vehicle taxes	6,551	6,705	(154)
Recreational vehicle tax	128	134	(6)
16/20 tax	1	26	(25)
Miscellaneous	3,589	-	3,589
Total Cash Receipts	<u>\$ 56,512</u>	<u>\$ 57,765</u>	<u>\$ (1,253)</u>
 EXPENDITURES			
Appropriations	<u>\$ 54,034</u>	<u>\$ 56,970</u>	<u>\$ (2,936)</u>
 RECEIPTS OVER (UNDER) EXPENDITURES	\$ 2,478		
 UNENCUMBERED CASH - JANUARY 1	<u>1,111</u>		
 UNENCUMBERED CASH - DECEMBER 31	<u>\$ 3,589</u>		

CITY OF SEDGWICK, KANSAS
SPECIAL STREET AND HIGHWAY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Intergovernmental	\$ 43,216	\$ 46,100	\$ (2,884)
Sales tax	171,421	173,900	(2,479)
Miscellaneous	15	-	15
Total Cash Receipts	\$ 214,652	\$ 220,000	\$ (5,348)
 EXPENDITURES			
Street Repair and Maintenance	\$ 133,532	\$ 356,039	\$ (222,507)
Transfers out	108,687	-	108,687
Total Expenditures	\$ 242,219	\$ 356,039	\$ (113,820)
 RECEIPTS OVER (UNDER) EXPENDITURES	 \$ (27,567)		
 UNENCUMBERED CASH - JANUARY 1	 <u>27,582</u>		
 UNENCUMBERED CASH - DECEMBER 31	 <u><u>\$ 15</u></u>		

CITY OF SEDGWICK, KANSAS
SPECIAL PARKS AND RECREATION
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
Local Alcohol Liquor Tax	\$ 6,568	\$ 6,226	\$ 342
Intergovernmental	1,036	-	1,036
Total Cash Receipts	<u>\$ 7,604</u>	<u>\$ 6,226</u>	<u>\$ 1,378</u>
 EXPENDITURES			
Commodities	\$ 4,704	\$ 24,626	\$ (19,922)
Transfers out	19,922	-	19,922
Total Expenditures	<u>\$ 24,626</u>	<u>\$ 24,626</u>	<u>\$ -</u>
 RECEIPTS OVER (UNDER) EXPENDITURES	\$ (17,022)		
 UNENCUMBERED CASH - JANUARY 1	<u>18,801</u>		
 UNENCUMBERED CASH - DECEMBER 31	<u>\$ 1,779</u>		

CITY OF SEDGWICK, KANSAS
EAST PARK POND PROJECT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023

CASH RECEIPTS	
Interest	\$ 21
Miscellaneous	25
Total Cash Receipts	<u>\$ 46</u>
EXPENDITURES	
Miscellaneous	<u>\$ 122</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (76)
UNENCUMBERED CASH - JANUARY 1	<u>5,315</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 5,239</u></u>

CITY OF SEDGWICK, KANSAS
CAPITAL IMPROVEMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023

CASH RECEIPTS	
Miscellaneous	\$ 2,938
Transfers in	<u>363,390</u>
Total Cash Receipts	<u>\$ 366,328</u>
EXPENDITURES	
Capital outlay	<u>\$ 234,898</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 131,430
UNENCUMBERED CASH - JANUARY 1	<u>833,730</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 965,160</u></u>

CITY OF SEDGWICK, KANSAS
CAPITAL EQUIPMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023

CASH RECEIPTS	
Intergovernmental	\$ 11,871
Miscellaneous	10,560
Transfers in	119,922
Total Cash Receipts	<u>\$ 142,353</u>
 EXPENDITURES	
Capital outlay	<u>\$ 250,273</u>
 RECEIPTS OVER (UNDER) EXPENDITURES	 \$ (107,920)
 UNENCUMBERED CASH - JANUARY 1	 <u>547,216</u>
 UNENCUMBERED CASH - DECEMBER 31	 <u><u>\$ 439,296</u></u>

CITY OF SEDGWICK, KANSAS
ARPA
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023

CASH RECEIPTS	
Miscellaneous	<u>\$ -</u>
EXPENDITURES	
Capital outlay	<u>\$ 60,380</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (60,380)
UNENCUMBERED CASH - JANUARY 1	<u>126,137</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 65,757</u></u>

CITY OF SEDGWICK, KANSAS
OPIOID/DRUG SETTLEMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023

CASH RECEIPTS	
Miscellaneous	<u>\$ 4,625</u>
EXPENDITURES	
Miscellaneous	<u>\$ 2,000</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 2,625
UNENCUMBERED CASH - JANUARY 1	<u>2,683</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 5,308</u></u>

CITY OF SEDGWICK, KANSAS
OPERATING RESERVE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023

CASH RECEIPTS	
Reimbursements	<u>\$ 4,820</u>
EXPENDITURES	
Miscellaneous	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 4,820
UNENCUMBERED CASH - JANUARY 1	<u>-</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 4,820</u></u>

CITY OF SEDGWICK, KANSAS
CHAMBER OF COMMERCE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023

CASH RECEIPTS	
Miscellaneous	<u>\$ 5,946</u>
EXPENDITURES	
Miscellaneous	<u>\$ 5,926</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 20
UNENCUMBERED CASH - JANUARY 1	<u>-</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ 20</u></u>

CITY OF SEDGWICK, KANSAS
BOND AND INTEREST
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad Valorem Tax	\$ 237,350	\$ 251,833	\$ (14,483)
Delinquent Tax	2,711	5,000	(2,289)
Motor Vehicle Tax	37,677	38,215	(538)
Recreational Vehicle Tax	739	762	(23)
16/20 Vehicle	10	151	(141)
Special Assessments	116,493	104,233	12,260
Total Cash Receipts	<u>\$ 394,980</u>	<u>\$ 400,194</u>	<u>\$ (5,214)</u>
 EXPENDITURES			
Principal	\$ 320,434	\$ 320,434	\$ -
Interest	65,418	65,421	(3)
Services and Fees	4	5,000	(4,996)
Cash Basis Reserve	-	9,771	(9,771)
Total Expenditures	<u>\$ 385,856</u>	<u>\$ 400,626</u>	<u>\$ (14,770)</u>
 RECEIPTS OVER (UNDER) EXPENDITURES	\$ 9,124		
 UNENCUMBERED CASH - JANUARY 1	<u>7,892</u>		
 UNENCUMBERED CASH - DECEMBER 31	<u>\$ 17,016</u>		

CITY OF SEDGWICK, KANSAS
WATER OPERATING
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Sales	\$ 403,122	\$ 380,079	\$ 23,043
Late charges	5,911	6,506	(595)
Water tax	4,651	4,800	(149)
Miscellaneous	1,787	7,615	(5,828)
Total Cash Receipts	\$ 415,471	\$ 399,000	\$ 16,471
EXPENDITURES			
Personnel services	\$ 66,013	\$ 78,950	\$ (12,937)
Contractual services	222,142	236,687	(14,545)
Commodities	33,058	33,940	(882)
Transfers out	90,985	140,762	(49,777)
Total Expenditures	\$ 412,198	\$ 490,339	\$ (78,141)
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 3,273		
UNENCUMBERED CASH - JANUARY 1	97,350		
UNENCUMBERED CASH - DECEMBER 31	\$ 100,623		

CITY OF SEDGWICK, KANSAS
REFUSE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Refuse charges	\$ 95,652	\$ 90,097	\$ 5,555
Recycle fees	28,409	27,862	547
Miscellaneous	112	1,805	(1,693)
Total Cash Receipts	\$ 124,173	\$ 119,764	\$ 4,409
EXPENDITURES			
Personnel services	\$ 954	\$ 2,163	\$ (1,209)
Contractual services	87,045	88,388	(1,343)
Commodities	1,638	2,048	(410)
Transfers out	33,082	31,205	1,877
Total Expenditures	\$ 122,719	\$ 123,804	\$ (1,085)
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,454		
UNENCUMBERED CASH - JANUARY 1	9,166		
UNENCUMBERED CASH - DECEMBER 31	\$ 10,620		

CITY OF SEDGWICK, KANSAS
WASTEWATER TREATMENT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Sewer charges	\$ 279,791	\$ 271,304	\$ 8,487
Late charges	5,512	6,014	(502)
Miscellaneous	56	2,946	(2,890)
Total Cash Receipts	<u>\$ 285,359</u>	<u>\$ 280,264</u>	<u>\$ 5,095</u>
EXPENDITURES			
Personnel services	\$ 58,935	\$ 70,297	\$ (11,362)
Contractual services	122,069	159,818	(37,749)
Commodities	23,254	21,177	2,077
Transfers out	97,782	108,856	(11,074)
Total Expenditures	<u>\$ 302,040</u>	<u>\$ 360,148</u>	<u>\$ (58,108)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (16,681)		
UNENCUMBERED CASH - JANUARY 1	<u>83,475</u>		
UNENCUMBERED CASH - DECEMBER 31	<u>\$ 66,794</u>		

CITY OF SEDGWICK, KANSAS
WATER RESERVE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023

CASH RECEIPTS	
Transfers in	\$ -
EXPENDITURES	
Contractual services	\$ 2,068
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,068)
UNENCUMBERED CASH - JANUARY 1	<u>2,068</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ -</u></u>

CITY OF SEDGWICK, KANSAS
WASTEWATER TREATMENT RESERVE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023

CASH RECEIPTS	
Transfers in	\$ -
EXPENDITURES	
Contractual services	\$ 2,068
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (2,068)
UNENCUMBERED CASH - JANUARY 1	<u>2,068</u>
UNENCUMBERED CASH - DECEMBER 31	<u><u>\$ -</u></u>

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

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 Article 12, § 5 of the Constitution of the State of Kansas, 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 Taxable General Obligation Bonds, Series 2025A, 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 Sedgwick, 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.

“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, 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 May 22, 2025.

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

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

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

“Defeasance Obligations” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates;
or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) such obligations are rated in a rating category by Moody's or Standard & Poor's that is no lower than the rating category then assigned by that Rating Agency to United States Government Obligations.

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

“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.

“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 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 March 1 and September 1 of each year, commencing March 1, 2026.

“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 2045.]

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

[“**2045 Term Bonds**” means the Bonds scheduled to mature in the year 2045.]

[“**Term Bonds**” means collectively, the ___ Term Bonds and the 2045 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.

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 and (b) 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 Clerk (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the 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; and (c) the use of the proceeds of the Bonds to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax status of the Bonds under State 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 law.

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

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

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

DEPOSIT AND INVESTMENT OF MONEYS

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

Investments. Moneys held in any Fund or Account may be invested in accordance with the Bond Resolution, 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.

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.

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, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

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

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

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

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

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