

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 17, 2026

**NEW ISSUE - BOOK ENTRY ONLY
BANK QUALIFIED**

NOT RATED

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the interest on the Notes (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; (2) the interest on the Notes is exempt from income taxation by the State of Kansas; and (3) the Notes are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" herein. Bond Counsel notes that for tax years beginning after December 31, 2022, interest on the Notes may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See "TAX MATTERS" in this Official Statement.

\$600,000*

**CITY OF CLEARWATER, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2026A**

Dated: As of the Delivery Date shown below

Due: October 1, 2029

The General Obligation Temporary Notes, Series 2026A (the "Notes") will be issued by the City of Clearwater, Kansas (the "City" or "Issuer"), as fully registered Notes 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 Notes. Purchases of the Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Note Registrar shall determine. Purchasers will not receive certificates representing their interests in Notes purchased. So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the Note owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Notes. Principal will be payable at stated maturity or earlier redemption upon presentation and surrender of the Notes by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as note registrar and paying agent (the "Note Registrar" and "Paying Agent"). Interest on each Note will be payable semiannually on April 1 and October 1, commencing on October 1, 2026 to the persons who are registered owners of the Notes as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner or, in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Notes, 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.

The Notes and the interest thereon will constitute general obligations of the Issuer, payable from the proceeds of the Issuer's general obligation bonds, and if not so paid, 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.

MATURITY SCHEDULE*

<u>Stated Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹ Base: 185333</u>
10/01/2029	\$600,000	____%	____%	

(All plus accrued interest, if any)

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The Notes may be called for redemption and payment prior to their Stated Maturity on October 1, 2027, and thereafter as a whole or in part at any time (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date (see "THE NOTES – Redemption Provisions" herein).

The Notes are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. Certain other legal matters will be passed upon by Jennifer Hill, Esq., Wichita, Kansas, counsel for the Issuer. It is expected that the Notes will be available for delivery through the facilities of the Depository Trust Company in New York, New York on or about May 28, 2026.

SEALED BIDS WILL BE ACCEPTED ON BEHALF OF:

**THE CITY OF CLEARWATER, KANSAS
ON MAY 12, 2026 UNTIL 11:00 A.M. C.T.
BY RANSON FINANCIAL GROUP, LLC
200 W. DOUGLAS, SUITE 110
WICHITA, KANSAS 67202**

PHONE: (316) 264-3400 ~ FAX: (316) 265-5403 ~ EMAIL: bids@ransonfinancial.com

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

* Subject to change.

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

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

THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE NOTES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE NOTES 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 NOTES 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.

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

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

\$600,000*
CITY OF CLEARWATER, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2026A

MAYOR
Burt Ussery

CITY COUNCIL
Samantha Warkins, President
Dalton Chambers, Member
Jason Gordon, Member
Shirley Palmer- Witt, Member
Justin Shore, Member

CITY STAFF
Courtney Zollinger, City Administrator/City Treasurer
Jaye Poe, City Clerk

CITY ATTORNEY
Jennifer Hill, Esq.
Wichita, Kansas

BOND COUNSEL
Gilmore & Bell, P.C.
Wichita, Kansas

FINANCIAL ADVISOR
Ranson Financial Group, LLC
Wichita, Kansas

UNDERWRITER

* Subject to change.

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 Notes 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 Notes 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, and is not to be construed as a representation, by the Underwriter. 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 Notes.

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\$600,000*
CITY OF CLEARWATER, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2026A

INTRODUCTION

General Matters

The purpose of this Preliminary Official Statement is to furnish information relating to the City of Clearwater, Kansas (the "Issuer" or the "City"), and the General Obligation Temporary Notes, Series 2026A (the "Notes"), of the Issuer, dated May 28, 2026 (the "Dated Date").

The Notes are being issued for the purpose of providing interim financing for certain internal improvements and to pay costs associated with the issuance of the Notes.

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

The Issuer is a municipal corporation and city of the third class duly organized and existing under the laws of the State of Kansas. Additional information regarding the Issuer is contained in APPENDIX A to this Preliminary Official Statement.

The material contained on the cover page, in the body and in the Appendices to this Preliminary Official Statement is to be read in their entirety. Except for the information expressly attributed to other sources, all information has been provided by the Issuer. The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. 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. Bond Counsel has not assisted in the preparation of this Preliminary Official Statement. Except to the extent described under the sections captioned "LEGAL MATTERS," 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 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, 129 E Ross Avenue, Clearwater, Kansas 67026 Additional information regarding the City or the Notes may be obtained from the City's Financial Advisor, Ranson Financial Group, LLC, 200 W. Douglas, Suite 110, Wichita, Kansas 67202, Attention: Larry Kleeman, by phone (316) 264-3400) or e-mail (larry@citycode.com).

THE NOTES

Authority for the Notes

The Notes are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123), K.S.A. 12-1736 *et seq.*, all as amended and supplemented (collectively, the "Act"), and a resolution adopted by the governing body of the Issuer on May 12, 2026 (the "Note Resolution") for the purpose of paying the cost of certain public building improvements in the Issuer (the "Improvements").

* Subject to change.

Security for the Notes

The Notes shall be general obligations of the Issuer payable as to both principal and interest from the proceeds of the Issuer's general obligation bonds, and if not so paid, 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 Notes as the same become due.

Description of the Notes

The Notes shall consist of fully registered book-entry-only Notes in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Note Registrar shall determine. All of the Notes shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturity, subject to redemption and payment prior to their Stated Maturity, and shall bear interest at the rates per annum set forth on the cover page of this Preliminary Official Statement. The Notes 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 the Stated Maturity or prior redemption in the manner hereinafter set forth.

Designation of Paying Agent and Note Registrar

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

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

Method and Place of Payment of the Notes

The principal of, or Redemption Price, and interest on the Notes 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 Note shall be paid at Maturity to the Person in whose name such Note is registered on the Note Register at the Maturity thereof, upon presentation and surrender of such Note at the principal corporate trust office of the Paying Agent.

The interest payable on each Note on any Interest Payment Date shall be paid to the Owner of such Note as shown on the Note 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 Note Register or at such other address as is furnished to the Paying Agent in writing by such Owner or (b) in the case of an interest payment to Cede & Co or any Owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer to such Owner upon written notice given to the Note 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 Note shall cease to be payable to the Owner of such Note on the relevant Record Date and shall be payable to the Owner in whose name such Note 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 Note 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 Note 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 NOTES, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See "THE NOTES – Book-Entry Notes; Securities Depository."

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Notes: Securities Depository

The Notes 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 Notes, except in the event the Note Registrar issues Replacement Notes. It is anticipated that during the term of the Notes, 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 Notes to the Participants until and unless the Note Registrar authenticates and delivers Replacement Notes 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 Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes; or

(b) if the Note Registrar receives written notice from Participants having interest in not less than 50% of the Notes 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 Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes, then the Note Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Note Registrar shall register in the name of and authenticate and deliver Replacement Notes 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 Note 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 Note. Upon the issuance of Replacement Notes, 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 Note Registrar, to the extent applicable with respect to such Replacement Notes. If the Securities Depository resigns and the Issuer, the Note Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Note Registrar shall authenticate and cause delivery of Replacement Notes to Owners, as provided herein. The Note Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Notes. The cost of printing, registration, authentication, and delivery of Replacement Notes 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 Note Registrar receives written evidence satisfactory to the Note 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 Note Registrar upon its receipt of a Note or Notes for cancellation shall cause the delivery of the Notes to the successor Securities Depository in appropriate denominations and form as provided in the Note Resolution.

Registration, Transfer and Exchange of Notes

As long as any of the Notes remain Outstanding, each Note when issued shall be registered in the name of the Owner thereof on the Note Register. Notes may be transferred and exchanged only on the Note Register as hereinafter provided. Upon surrender of any Note at the principal office of the Note Registrar, the Note Registrar shall transfer or exchange such Note for a new Note or Notes in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Note that was presented for transfer or exchange. Notes 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 Note 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 Notes is exercised, the Note Registrar shall authenticate and deliver Notes in accordance with the provisions of the Note Resolution. The Issuer shall pay the fees and expenses of the Note Registrar for the registration, transfer and exchange of Notes. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, are the responsibility of the Owners of the Notes. 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 Note Registrar shall not be required (a) to register the transfer or exchange of any Note 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 Note 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 Notes

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

Nonpresentation of Notes

If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note 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 Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Note Resolution or on, or with respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note becomes due at Maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Note, and such Note 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 Notes may be called for redemption and payment prior to their Stated Maturity on October 1, 2027, and thereafter as a whole or in part at any time (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

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

Notice and Effect of Call for Redemption. Unless waived by any Owner of Notes to be redeemed, if the Issuer shall call any Notes for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said

Notes to the Note Registrar and the Underwriter. In addition, the Issuer shall cause the Note Registrar to give written notice of redemption to the Owners of said Notes. 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 Notes are to be redeemed, the identification (and, in the case of partial redemption of any Notes, the respective principal amounts) of the Notes to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Note 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 Notes 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 Notes or portions of Notes that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Notes or portions of Notes 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 Notes or portion of Notes shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Notes, the Note 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 Note (having been mailed notice from the Note Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Note so affected, shall not affect the validity of the redemption of such Note.

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

THE DEPOSITORY TRUST COMPANY

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

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

4. To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE NOTES DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE NOTES 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 NOTES. PROSPECTIVE PURCHASERS OF THE NOTES 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 Notes. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer.

Limitations on Remedies Available to Owners of Notes

The enforceability of the rights and remedies of the owners of Notes, and the obligations incurred by the City in issuing the Notes, 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 Notes 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 Notes 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."

Taxation of Interest on the Notes

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

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

Premium on Notes

[The initial offering price of the Notes that are subject to optional redemption are in excess of the respective principal amounts thereof.] Any person who purchases a Note in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Notes are subject to redemption at par under the various circumstances described under "THE NOTES - Redemption of Notes."

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Note Resolution does not provide for the payment of additional interest or penalty on the Notes or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Note Resolution does not provide for the payment of any additional interest or penalty on the Notes if the interest thereon becomes includable in gross income for Kansas income tax purposes.

Kansas Public Employees Retirement System

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

Suitability of Investment

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

Market for the Notes

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

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Notes. Prices of Notes traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Notes as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Notes 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 PROJECTS

Proceeds of the Notes will be applied to: 1) temporarily finance a portion of certain internal improvements described below (the “Improvements”); and 2) to pay costs of issuance associated with the issuance of the Notes.

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Estimated Cost</u>
Public Building – Senior Center	4-2026	12-1736 <i>et seq.</i>	\$600,000

SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds available for the Improvements, including the proceeds from the sale of the Notes, exclusive of accrued interest.

Sources of Funds	
Principal Amount of the Notes	\$600,000.00*
Total Sources of Funds	
 Uses of Funds	
Deposit to Project Fund	\$
Deposit to Capitalized Interest Fund	
Costs of Issuance	
Underwriter’s Discount	
Total Uses of Funds	_____ \$

* Subject to change

RATINGS

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

ABSENCE OF LITIGATION

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

The Issuer certifies that there is no controversy, suit or other proceeding 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 Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the Notes or the validity of said Notes, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

LEGAL MATTERS

Approval of Notes

All matters incident to the authorization and issuance of the Notes are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the matters appearing in the sections of this Preliminary Official Statement captioned “THE NOTES,” “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 Notes. Certain legal matters have been passed on for the Issuer by Jennifer Hill, Esq., Wichita, Kansas.

TAX MATTERS

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Notes. 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 Notes

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 Notes 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 Notes.

Opinion of Bond Counsel

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

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

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

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

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

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

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Note over its issue price. The stated redemption price at maturity of a Note is the sum of all payments on the Note other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Note is generally the first price at which a substantial amount of the Notes of that maturity have been sold to the public. Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Note during any accrual period generally equals (1) the issue price of that Note, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Note (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 Note during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Note. 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 Note over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Note other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Note is generally the first price at which a substantial amount of the Notes of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Note using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Note and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Note prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

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

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Notes, and to the proceeds paid on the sale of Notes, other than certain exempt recipients (such as corporations and

foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

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

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

MUNICIPAL ADVISOR

Ranson Financial Group, LLC, Wichita, Kansas, has acted as Financial Advisor to the Issuer in connection with the sale of the Notes. The Financial Advisor is a "municipal advisor" as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has assisted the Issuer in the preparation of this Preliminary Official Statement and in other matters relating to the issuance of the Notes. The fees of the Financial Advisor are contingent upon the issuance of the Notes.

UNDERWRITING

The Notes 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 Notes at a price equal to the principal amount of the Notes, [, plus a premium of \$ _____] [, less an underwriting discount of \$ _____].

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

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 Notes 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 Notes.

CITY OF CLEARWATER, KANSAS

By: _____
Burt Ussery, Mayor

By: _____
Jaye Poe, City Clerk

APPENDIX A

INFORMATION CONCERNING THE ISSUER

GENERAL

Size and Location

The City of City of Clearwater, Kansas (the “City” or “Issuer”) is in Sedgwick County, Kansas, and is located approximately 14 miles southwest of Wichita, Kansas (“Wichita”). The City encompasses approximately one square mile and has a current estimated population of 2,697 persons. Between 2010 and 2024, the City has increased from 2,481 residents, an increase of over 8%.

Government and Organization of the Issuer

The City was incorporated in 1885 and is a city of the third class organized and existing under and pursuant to the Constitution and laws of the State of Kansas. The City operates under the Mayor/Council form of government. The five Council members are elected at large and serve four (4) year terms. The Mayor is elected at large, for 4 year terms, and presides over Council meetings and appoints certain City officials, subject to Council approval. The City Administrator is appointed by the Mayor, subject to Council approval and is charged with the efficient and effective administration of the City.

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

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Burt Ussery	2027
Council President:	Samantha Warkins	2027
Council Members:	Dalton Chambers	2029
	Jason Gordon	2029
	Shirley Palmer-Witt	2029
	Justin Shore	2027
City Administrator	Courtney Zollinger	N/A
City Clerk	Jaye Poe	N/A
City Treasurer	Courtney Zollinger	N/A
City Attorney	Jennifer Hill, Esq.	N/A

Management Personnel

The Mayor appoints, confirmed by the City Council, the City Administrator and staff members to carry out the provisions of the City services.

Public Safety

The City provides law enforcement protection which consists of six full-time and seven part-time law enforcement officers. Fire protection is also provided by the City, which operates with 28 volunteer firefighters. The County provides emergency medical services (EMS) to the City and surrounding areas.

Municipal Services and Other Utilities

The City provides water, sewer, and trash utility services to residents of the City. Electricity is provided to residents by Evergy Energy. Natural gas is provided by Kansas Gas Service. Local telephone and internet services are provided by Twin Valley Telephone Company and Cox Communications. Various other companies provide additional telephone and internet services.

Transportation and Communication Facilities

The City is located 12 miles west of an interchange for the Kansas Turnpike, Interstate 35, and 10 miles south of U.S. Highway 54 by county roads. Rail service is provided by Short Line Railroad. Rucker Airport, primarily serving general aviation is located within the City’s limits. Wichita Dwight D. Eisenhower National Airport is located within 16 miles of the City and provides regularly scheduled air service.

Educational Institutions and Facilities

Unified School District No. 264 operates one elementary school, one intermediate school, one middle school and one senior high school in the City and surrounding area. The district has a total enrollment of approximately 1,047 students for the 2025/26 school year.

The following universities or colleges offering associate's, 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>
Newman University	Wichita, KS	14	1,203
Friends University	Wichita, KS	15	2,024
Wichita State University	Wichita, KS	19	12,203
Wichita State University Tech	Wichita, KS	24	3,616
Cowley County Community College	Arkansas City, KS	40	1,670
Barton County Community College	Great Bend, KS	115	3,277

Medical and Health Facilities

HCA Wesley Medical Center and Via Christi Hospital are located within 15 miles of the City and provide major medical services to the City and surrounding area. The Clearwater Nursing Home and Rehabilitation Center, which is a nursing home and assisted living center, are both located within the City's limits. There are approximately seven other nursing homes within 15 miles of the City. One Physician Assistant and one doctor of Chiropractic currently practice in the City.

Recreational, Cultural and Religious Facilities

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

A wide variety of cultural and entertainment options are available to residents at the Clearwater Historical Society Museum and Clearwater Public Library. There are 138 historical sites registered with the Kansas Historical Society located within the County of which one is located in or around the City.

The City has eight churches that serve the community.

FINANCIAL INFORMATION

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. More complete information regarding the City's accounting is contained in the Notes to the Financial Statements attached hereto as **APPENDIX B**.

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, 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 first publish notice of a public hearing and notify the county clerk of the taxing subdivision's intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement, (5) the appraised value and assessed value of the taxpayer's property, (6) estimates of the tax for the current tax year on the taxpayer's property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. 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 notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by a majority vote of its governing body, and the amount of tax to be levied must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over collected based on the amount of the levy that was in excess of the revenue neutral rate.

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

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by George, Bowerman & Noel, P.A., CPA, Wichita, Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ended December 31, 2024 is attached hereto as *APPENDIX B*.

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 Sedgwick County Appraiser's office determines the fair market value of all taxable property within Sedgwick County and the assessed valuation thereof that is to be used as a basis for the mill levy on property located in the Issuer.

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 Section 501 of the Internal Revenue Code, 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:

<u>Levy Year</u>	<u>Budget Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2025	2026	\$26,305,496 ⁽¹⁾	\$201,360 ⁽¹⁾	\$709,237 ⁽¹⁾	\$3,473,906	\$30,689,999
2025	2026	26,301,762 ⁽²⁾	187,149 ⁽²⁾	709,237 ⁽²⁾	3,473,906	30,672,054
2024	2025	23,611,660	198,616	698,549	3,425,039	27,933,864
2023	2024	21,463,472	192,173	737,714	3,254,446	25,647,805
2022	2023	22,594,701	164,780	724,079	3,229,546	26,713,106
2021	2022	18,124,207	147,956	678,115	3,401,187	22,351,465

⁽¹⁾ Final valuation figures as of November 1, 2025.

⁽²⁾ Preliminary valuation figures as of July 15, 2025 for budgeting purposes.

Source: County Clerk

Property Tax Levies and Collections

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

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

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

Tax Rates. The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser.

The following table shows the City's mill levies by fund (per \$1000 of assessed valuation) for each of the years indicated and the current year:

Levy Year	Budget Year	General	Bond & Interest	Library⁽¹⁾	Special Building	Total Levy
2025	2026	43.976	3.114	5.605	0.000	52.695
2024	2025	51.110	1.910	5.496	0.000	58.516
2023	2024	58.141	0.367	5.536	0.000	64.044
2022	2023	55.089	4.621	4.296	0.000	64.006
2021	2022	52.997	5.999	5.026	0.000	64.022

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

Source: County Clerk

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

Tax Year	Budget Year	City	Sedgwick County	USD No. 264⁽¹⁾	State	Cemetery District	Township	Total
2025	2026	52.695	27.567	61.440	1.500	2.479	0.839	146.520
2024	2025	58.516	28.701	62.899	1.500	2.635	0.909	155.160
2023	2024	64.044	28.988	63.025	1.500	2.967	0.930	161.454
2022	2023	64.006	29.368	63.300	1.500	0.916	3.041	162.131
2021	2022	64.022	29.370	63.682	1.500	3.037	0.966	162.577

⁽¹⁾ Includes levy for recreation commission.

Source: 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	Budget Year	Total Levy	Total Taxes Levied (\$)	Current Taxes Collected (\$)	Current Taxes Collected (%)	Delinquent Taxes Collected (\$)	Delinquent & Current Taxes Collected (%)
2025	2026	52.695	\$1,436,206	\$ 868,119 ⁽¹⁾	60.45%	\$45,409 ⁽¹⁾	63.61%
2024	2025	58.516	1,437,578	1,405,720	97.78%	18,954	99.10%
2023	2024	64.044	1,438,449	1,378,736	95.85%	17,740	97.08%
2022	2023	64.006	1,505,526	1,431,458	95.08%	25,255	96.76%
2021	2022	64.022	1,215,583	1,194,607	98.27%	23,885	100.24%

⁽¹⁾ Collections are up to April 14th, 2026.

Source: County Clerk & Treasurer

Major Taxpayers. The following table sets forth the ten largest taxpayers in the City based on total assessed valuation and total taxes levied in the most recent tax collection period (2025/26):

	<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
1.	Shackelford Machine Inc	\$679,882	\$35,826
2.	Plains Cotton Cooperative Association*	593,700	31,285
3.	Indian Lakes Leasing LLC	509,133	26,828
4.	620 E Wood Street LLC	381,010	20,077
5.	Evergy Kansas South Inc	327,214	17,242
6.	Kansas Gas Service-A Division of One Gas	325,496	17,152
7.	VG Properties LLC	261,290	13,768
8.	Mike Love Construction Inc	257,229	13,554
9.	Individual Trust	216,850	11,426
10.	AFN ABSPROP001 LLC	207,750	10,947

Source: County Clerk

*Plains Cotton Cooperative Association property will be subject to a partial abatement/payment-in-lieu of taxes arrangement, beginning in 2023.

Pension and Employee Retirement Plans

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

As of June 30, 2024, KPERS serves approximately 356,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

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

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

- (a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.
- (b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

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

In 2004, 2015 and 2021, the Kansas Development Finance Authority, on behalf of the State, issued pension obligation bonds and contributed the proceeds thereof to KPERS to assist with improving the status of the unfunded actuarial pension liability. In 2022 the Legislature provided for additional contributions totaling \$1.125 billion in four payments to be deposited into the KPERS trust fund for the School Group. For more information about the Legislature’s actions related to KPERS, please see the 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, 2024 (the "2024 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$2.173 billion at the end of 2024. The amount of the UAAL in 2024 changed from the previous year's amount due to the factors discussed in the 2024 Valuation Report; such report also includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group. A copy of the 2024 Valuation Report is available on the KPERS website at www.kpers.gov/about/reports. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2024 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2024 Valuation Report sets the employer contribution rate for the period beginning January 1, 2027, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 9.44% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial period set forth in the 2024 Valuation Report. The statutory contribution rate of employers currently equals the 2024 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

The Issuer has not implemented GASB 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB 27, because the Issuer'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 Issuer. The GASB 68 Report is available on the KPERS website at kpers.org/about/reports.html. Because the Issuer has not implemented GASB 68, the net pension liability calculated by KPERS for the Issuer is not reflected as a liability on the Issuer's financial statements. The Issuer 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 Issuer 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 Seasonal Employees</u>	<u>Total</u>
2025	17	11	19	47
2024	17	11	24	52
2023	16	10	20	46
2022	17	10	21	48
2021	15	9	19	43

Source: City Clerk

Risk Management

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

DEBT STRUCTURE

Debt Summary

The following table summarizes certain key statistics with respect to the Issuer's general obligation debt, including the Bonds:

Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations ⁽¹⁾	\$30,672,054
Legal limitation of Bonded Debt ⁽²⁾	\$9,201,616
Outstanding general obligation debt anticipated as of May 28, 2026 ⁽³⁾	\$13,785,000
Exempt Debt	\$9,918,353
Net Debt against Statutory Debt limit capacity	\$3,866,646
Additional debt capacity	\$5,334,969
Direct debt per capita (2,697)	\$5,111
Overlapping Indebtedness	\$3,933,664
Direct and overlapping debt	\$17,718,665
Direct and overlapping debt per capita	\$6,569
Direct debt as a percentage of Equalized Assessed Valuation	44.94%
Direct and overlapping debt as a percentage of Equalized Assessed Valuation	57.77%
Statutory direct debt as a percentage of Equalized Assessed Valuation	12.61%

⁽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.*

⁽³⁾ Includes this issue and subject to change.

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of May 28, 2026, and the percent attributable (on the basis of assessed valuation not including motor vehicle valuation) to the City:

<u>Taxing Jurisdiction</u>	<u>2025 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	\$7,546,656,630	\$64,050,000	0.36%	\$ 230,988
U.S.D. No. 264	96,510,546	13,130,000	28.20%	<u>3,702,676</u>
TOTAL				\$3,933,664

⁽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

Current Indebtedness of the City

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

**GENERAL OBLIGATION BONDS
(As of May 28, 2026)**

<u>Description of Indebtedness</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Excluded from Debt Limitation</u>
General Obligation Bonds	2013	10/01/2028	\$ 440,000	\$ 105,000	\$ 51,167
General Obligation Bonds	2014	10/01/2034	790,000	430,000	243,380
General Obligation Bonds	2015-A	10/01/2026	940,000	105,000	64,785
General Obligation Bonds	2017-A	12/01/2033	611,000	370,000	168,757
General Obligation Bonds	2021	10/01/2042	400,000	355,000	28,364
General Obligation Bonds	2024	10/01/2044	1,045,000	1,005,000	282,332
General Obligation Bonds	2025	10/01/2045	1,525,000	<u>1,525,000</u>	<u>1,093,578</u>
TOTAL				\$3,895,000	\$1,932,363

**TEMPORARY NOTES
(As of May 28, 2026)**

<u>Description of Indebtedness</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Excluded from Debt Limitation</u>
General Obligation Temporary Notes	2023A	10/01/2026	\$1,015,000	\$ 545,000	\$ 545,000
General Obligation Temporary Notes	2023B	10/01/2026	1,700,000	1,700,000	1,113,160
General Obligation Temporary Notes	2024	10/01/2027	5,705,000	5,705,000	5,705,000
General Obligation Temporary Notes	2025	10/01/2028	1,090,000	1,090,000	580,771
General Obligation Temporary Notes	2025B	10/01/2028	250,000	250,000	42,060
General Obligation Temporary Notes ⁽¹⁾	2026A	10/01/2029	<u>600,000</u>	<u>600,000</u>	<u>0</u>
TOTAL				\$9,890,000	\$7,985,991

⁽¹⁾ This issue and subject to change.

CERTIFICATES OF PARTICIPATION

As of May 28, 2026, the City had no certificates of participation outstanding.

REVENUE BONDS OUTSTANDING

As of May 28, 2026, the City had no revenue bonds outstanding.

**CAPITAL LEASE OBLIGATIONS
(As of May 28, 2026)**

<u>Description</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Cemetery Land	2021	09/11/2036	\$381,600	\$254,400
Pierce Enforcer Pumper	2022	01/31/2037	474,026	<u>366,650</u>
TOTAL				\$621,050

LOAN OBLIGATIONS

As of May 28, 2026, the City had no loans outstanding.

PUBLIC BUILDING COMMISSION REVENUE BONDS OUTSTANDING

As of May 28, 2026, 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

Periodically, the City will complete issues to: 1) finance public infrastructure needs with ongoing temporary note financing and eventually bonded indebtedness; 2) lease small equipment and such leases may or may not have a purchase option in accordance with

the terms of said lease; and 3) will refinance or refund outstanding debt as needed when sufficient savings can be achieved. Other than the potential projects listed above, the City does not have any plans to issue additional debt at this time.

ECONOMIC INFORMATION CONCERNING THE CITY

Population Trends

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

<u>Year</u>	<u>Sedgwick County Population</u>	<u>City Population</u>
2024	536,081	2,697
2023	528,469	2,642
2022	525,525	2,642
2021	523,828	2,626
2020	523,824	2,653
2010	498,365	2,481

Source: State of Kansas – Division of Budget (2021-2024); U.S. Census Bureau (2010, 2020)

Labor Force

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

SEDGWICK COUNTY

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2025	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾
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%

STATE OF KANSAS

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2025	1,572,150	1,512,600	59,550	3.8%
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%

⁽¹⁾ 2025 data for counties is not available.

Currently, the Kansas Department of Labor estimates an unemployment rate of 4.6% for the County and 4.3% for the State of Kansas for the month of February 2026.

Source: Kansas Department of Labor

Retail Sales and Use Tax Collections

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

<u>Year</u>	<u>Sales and Use Tax Collections</u>	<u>Per Capita Sales and Use Tax</u>
2024	\$820,206,303	\$1,534.22
2023	833,909,688	1,607.64
2022	846,942,027	1,531.27
2021	762,214,079	1,360.99
2020	666,114,395	1,271.20

Source: Kansas Statistical Abstract

Oil Production

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

<u>Year</u>	<u>Oil Production</u>
2025	80,028
2024	79,237
2023	84,322
2022	91,176
2021	94,900

Source: Kansas Geological Survey

Financial and Banking Institutions

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:

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2025	\$19,104,000
2024	18,679,979
2023	19,077,135
2022	17,990,588
2021	18,605,019

Source: FDIC

Personal Income Trends

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

<u>Year</u>	<u>Sedgwick County Personal Income (\$000)</u>	<u>Sedgwick County Per Capita Income</u>	<u>State Per Capita Income</u>
2024	\$33,935,586	\$63,303	\$65,856
2023	32,480,499	61,462	66,115
2022	31,411,750	59,772	60,424
2021	30,231,865	57,173	58,924
2020	29,400,927	56,550	56,099

Source: U.S. Bureau of Economic Analysis

APPENDIX B

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024**

CITY OF CLEARWATER, KANSAS

FINANCIAL STATEMENT

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2024

GBN, P.A.

Certified Public Accountants

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GBN, P.A.
Certified Public Accountants
Business Consultants
Tax Advisors

12001 E. 13th St. North Wichita, Kansas 67206 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Clearwater, Kansas

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 Clearwater, Kansas, a Municipal Financial Reporting Entity, as of and for the year ended December 31, 2024 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the 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 of Clearwater, Kansas as of December 31, 2024, 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 of Clearwater as of December 31, 2024, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide as described in Note 1.

Basis for Adverse and Unmodified Opinions

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

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

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory

basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Clearwater, Kansas 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, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Clearwater, Kansas as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated May 6, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipalservices>. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2023 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2023 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 basic financial statement or to the 2023 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2023 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2023, on the basis of accounting described in Note 1.

GBN, P.A.

Wichita, Kansas
July 10, 2025

CITY OF CLEARWATER, KANSAS

**Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2024**

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 834,269	\$ -	\$ 3,471,793	\$ 3,478,303	\$ 827,759	\$ 34,495	\$ 862,254
Special Purpose Funds:							
Special Highway	126,571	-	103,855	100,000	130,426	-	130,426
Employee Benefits	-	-	-	-	-	-	-
Special Liability Insurance	-	-	-	-	-	-	-
Special Parks and Recreation	5,130	-	41,043	40,000	6,173	-	6,173
Capital Improvement	-	-	2	2	-	-	-
Library	-	-	132,236	132,236	-	2,158	2,158
Library Employee Benefits	-	-	1	1	-	-	-
Emergency Medical Services Fee	-	-	-	-	-	-	-
Senior Center	2,844	-	20,151	22,544	451	100	551
Law Enforcement Trust	7,874	-	40	-	7,914	-	7,914
Donations - Administration	15	-	-	15	-	-	-
Donations - Police	3,176	-	16	-	3,192	-	3,192
Donations - Fire	21,873	-	10,620	3,571	28,922	1,478	30,400
Donations - Park	1,021	-	5	-	1,026	-	1,026
Donations - Historical Society	41,276	-	2,936	3,081	41,131	-	41,131
Donations - Senior Center Building	8,470	-	12,936	8,454	12,952	131	13,083
Equipment Reserve - Administration	136,551	-	43,448	85,677	94,322	-	94,322
Equipment Reserve - Senior Center	12,172	-	7,161	-	19,333	-	19,333
Equipment Reserve - Police	243,928	-	198,422	288,712	153,638	-	153,638
Equipment Reserve - Court	26,636	-	21,489	25,100	23,025	-	23,025
Equipment Reserve - Public Works	208,129	-	34,945	119,255	123,819	16,922	140,741
Equipment Reserve - Fire	183,338	-	163,747	138,512	208,573	-	208,573
Equipment Reserve - Park	89,145	-	30,237	-	119,382	-	119,382
Equipment Reserve - Pool	57,157	-	8,068	57,505	7,720	-	7,720
Equipment Reserve - Museum	934	-	2,003	1,320	1,617	-	1,617
Equipment Reserve - Library Building	129	-	501	-	630	-	630
Equipment Reserve - Special Highway	47,045	-	67	47,091	21	-	21
Equipment Reserve - Special Parks	22,123	-	29,762	-	51,885	-	51,885
Equipment Reserve - Special Building	463,619	-	736,631	477,340	722,910	-	722,910
City CD	-	-	567,112	-	567,112	-	567,112
Christmas Celebration	3,166	-	2,018	1,643	3,541	553	4,094
Downtown Trick-or-Treat	599	-	448	332	715	-	715
Debt Service Fund:							
Debt Service	200,932	-	269,886	294,562	176,256	-	176,256

CITY OF CLEARWATER, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash Regulatory Basis For the Year Ended December 31, 2024

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Capital Project Funds:							
Park Glen Estates Phase 2 Improvement Project	\$ 244,246	\$ -	\$ 1,051,417	\$ 1,295,663	\$ -	\$ -	\$ -
Park Glen Estates 2nd Addition	370,929	-	3,376	182,564	191,741	-	191,741
Indian Lakes Phase 1 Project	137,393	-	527	53,173	84,747	-	84,747
2024 Street Reconstruction Project	72,725	-	5,714,369	4,739,855	1,047,239	3,924,283	4,971,522
City Park Shelters	398,268	-	3,387	401,655	-	-	-
City Sewer Upgrade	347,877	-	-	347,877	-	-	-
Business Funds:							
Water Utility	54,727	-	498,832	419,408	134,151	2,300	136,451
Sewer Utility	164,827	-	522,077	431,340	255,564	22,172	277,736
Equipment Reserve - Water	141,691	-	69,065	68	210,688	-	210,688
Equipment Reserve - Sewer	355,354	-	424,651	15,355	764,650	-	764,650
Total Primary Government (Excluding Agency Funds)	5,036,159	-	14,199,280	13,212,214	6,023,225	4,004,592	10,027,817
Related Municipal Entities:							
Clearwater Public Library	54,692	-	164,257	146,094	72,855	-	72,855
Clearwater Public Building Commission	1,114	-	3	-	1,117	-	1,117
Total Reporting Entity (Excluding Agency Funds)	\$ 5,091,965	\$ -	\$ 14,363,540	\$ 13,358,308	\$ 6,097,197	\$ 4,004,592	\$ 10,101,789
Composition of Cash:							
Primary Government:							
Emprise Bank - Checking Account							\$ 9,438,031
Emprise Bank - Certificates of Deposit							567,112
Emprise Bank - Certificates of Deposit							23,246
Petty Cash							250
Total Primary Government							10,028,639
Less: Agency Funds							(822)
Total Primary Government (excluding agency funds)							10,027,817
Related Municipal Entities:							
Clearwater Public Library:							
Emprise Bank - General Checking							72,855
Clearwater Public Building Commission:							
Emprise Bank - General Checking							1,117
Total Reporting Entity (excluding agency funds)							\$ 10,101,789

The accompanying notes are an integral part of the financial statement.

CITY OF CLEARWATER, KANSAS
NOTES TO FINANCIAL STATEMENT

December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The City operates under a Mayor-Council form of government consisting of an elected Mayor and five council persons and provides services to its citizens in the areas of highways and streets, water and sewer utilities, public improvement, public safety, planning and zoning, recreation and general administrative services. The City has the following related municipal entities:

Clearwater Public Library

The governing body of the Clearwater Public Library is appointed by the Mayor with approval by the City Council. The Clearwater Public Library Board operates the public library in the City. The City provides facilities and performs most accounting functions for the Library. The Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Council. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The Library Board also receives funding through state assistance programs and community donations. The Library Board does not issue separate audited financial statements.

Clearwater Public Building Commission

The Clearwater Public Building Commission was established in October 1999 by Ordinance of the Clearwater City Council. The Clearwater Public Building Commission is governed by a five-member board appointed by the City Council. Although it is legally separate from the City, the Clearwater Public Building Commission is reported as a related municipal entity because its sole purpose is to finance and construct the City's public buildings and facilities.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with state statutes, several different types of funds are used to record the City's financial transactions. For financial reporting, they have been grouped and are presented in this report as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Business funds – funds financed in whole or in part by fees charged to users of the goods or services.

Agency funds – funds used to report assets held by the City in a purely custodial capacity.

Regulatory basis of accounting and departure from accounting principles generally accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenue 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.

Compensated absences

The City's policies regarding vacation, permits full-time employees with one to four years service to earn 10 days vacation pay, five to nine years of service earn 15 days vacation pay and ten or more years of service earn vacation pay at the rate of 20 days per year. Vacation time must be taken within one year of accrual. Sick leave is allowed to accumulate at the rate of one day for each full month of service with no maximum in sick days accumulation. At termination, an employee shall be compensated for all accumulated vacation pay. All accumulated sick leave is canceled upon termination.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost sharing multi-employer statewide defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City.

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 years.

Budgetary principles

The City is required by state statute to legally adopt annual operating budgets for the general fund, special purpose funds (unless exempted by specific statute), debt service fund and business funds. The Law Enforcement Trust, Clearwater Public Building Commission, City CD, Christmas Celebration, Downtown Trick-or-Treat and the Donations and Equipment Reserve funds are exempt from legally adopted budgetary requirements. 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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the City is holding a revenue 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 the 2024 budget.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. This process requires a notice of public hearing to amend the budget to 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. During the year ended December 31, 2024, there were no budget amendments.

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated. Accordingly, the actual data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in accordance with generally accepted accounting principles.

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through July 10, 2025, the date on which the financial statement were available to be issued.

2. DEPOSITS AND INVESTMENTS

Deposits

K.S.A. 9-1401 establishes the depositories that may be used by governmental entities in Kansas. 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 bank provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. 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. The City's allocation of investments as of December 31, 2024, is as follows:

Emprise Bank 100%

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy follows applicable State Statutes and requires deposits 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.

At year-end, the carrying amount of the City's deposits was \$10,028,389 with the bank balances of such accounts being \$10,028,885. Of the bank balances, \$273,246 was covered by federal depository insurance and \$9,755,639 was covered by collateral held by the City's custodial bank in joint custody in the name of the City and its bank. The fair value of the pledged securities held by the City's custodial bank was \$10,521,907 at December 31, 2024.

2. DEPOSITS AND INVESTMENTS (continued)

The Clearwater Public Library’s cash and investments at December 31, 2024 consisted of checking, savings and certificate of deposit accounts. At year-end, the carrying amount and the bank balances were \$70,538, which were entirely covered by federal depository insurance.

The Clearwater Public Building Commission cash and investments at December 31, 2024 consisted of a money market checking account. At year-end, the carrying amount and the bank balance was \$1,117, which were entirely covered by federal depository insurance.

3. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2024:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
<u>General Obligation Bonds</u>									
General Obligation Bonds, Series 2013	1.55-3.00	04-01-13	440,000	10-01-28	\$ 165,000	\$ –	\$ 30,000	\$ 135,000	\$ 4,208
General Obligation Bonds, Series 2014	2.25-4.20	04-01-14	790,000	10-01-34	510,000	–	40,000	470,000	18,275
General Obligation Bonds, Series A 2015	1.50-3.00	09-01-15	940,000	10-01-26	305,000	–	100,000	205,000	8,650
General Obligation Bonds, Series 2017-A	2.20-4.00	12-12-17	611,000	12-01-33	450,000	–	40,000	410,000	12,600
General Obligation Bonds, Series 2021	1.20-2.50	09-27-21	400,000	10-01-42	385,000	–	15,000	370,000	7,155
General Obligation Bonds, Series 2024	3.00-4.00	03-18-24	1,045,000	10-01-44	–	1,045,000	–	1,045,000	18,675
Total General Obligation Bonds					<u>1,815,000</u>	<u>1,045,000</u>	<u>225,000</u>	<u>2,635,000</u>	<u>69,262</u>
<u>Lease Purchase Agreements</u>									
Pierce Enforcer Pumper									
Fire truck	2.88	01-28-22	474,026	01-31-37	448,314	–	26,452	421,862	12,911
Cemetery Land	2.55	09-11-21	381,600	09-11-36	<u>338,654</u>	–	<u>22,298</u>	<u>316,356</u>	<u>8,636</u>
Total Lease Purchase Agreements					<u>786,968</u>	<u>–</u>	<u>48,750</u>	<u>738,218</u>	<u>21,547</u>
Total Long-Term Debt					<u>\$ 2,601,968</u>	<u>\$ 1,045,000</u>	<u>\$ 71,250</u>	<u>\$ 3,373,218</u>	<u>\$ 90,809</u>

3. LONG-TERM DEBT (continued)

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2044. At December 31, 2024, the outstanding general obligation bonds consist of the following:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 265,000	\$ 81,844	\$ 346,844
2026	280,000	74,740	354,740
2027	185,000	66,878	251,878
2028	185,000	61,878	246,878
2029	150,000	56,640	206,640
2030	150,000	52,305	202,305
2031	165,000	47,767	212,767
2032	165,000	42,625	207,625
2033	175,000	37,308	212,308
2034	125,000	31,557	156,557
2035	70,000	27,308	97,308
2036	75,000	25,183	100,183
2037	75,000	22,885	97,885
2038	75,000	20,455	95,455
2039	80,000	18,025	98,025
2040	85,000	15,325	100,325
2041	90,000	12,450	102,450
2042	95,000	9,225	104,225
2043	70,000	5,800	75,800
2044	<u>75,000</u>	<u>3,000</u>	<u>78,000</u>
	<u>\$ 2,635,000</u>	<u>\$ 713,198</u>	<u>\$ 3,348,198</u>

Lease purchase agreements

The City has entered into lease purchase agreements for financing of certain equipment and land. The annual requirements to amortize the capital lease obligations outstanding at December 31, 2024, including interest payments, are as follows:

3. LONG-TERM DEBT (continued)

	<u>Year ending</u> <u>December 31,</u>	<u>Cemetery</u> <u>Land</u>	<u>Pierce</u> <u>Fire</u> <u>Truck</u>	<u>Total</u> <u>Capital</u> <u>Leases</u>
	2025	\$ 30,934	\$ 39,364	\$ 70,298
	2026	30,934	39,364	70,298
	2027	30,934	39,364	70,298
	2028	30,934	39,364	70,298
	2029	30,934	39,364	70,298
	2030	30,934	39,364	70,298
	2031	30,934	39,364	70,298
	2032	30,934	39,364	70,298
	2033	30,934	39,364	70,298
	2034	30,934	39,364	70,298
	2035	30,934	39,364	70,298
	2036	30,934	39,364	70,298
	2037	—	39,359	39,359
Total minimum lease payments		371,208	511,727	882,935
Less amount representing interest		<u>(54,852)</u>	<u>(89,866)</u>	<u>(144,718)</u>
Present value of minimum lease payments		<u>\$ 316,356</u>	<u>\$421,861</u>	<u>\$738,217</u>

Compensated absences

The governmental funds portion of outstanding compensated absence liabilities is principally liquidated from resources of the General Fund.

4. TEMPORARY NOTES PAYABLE

Kansas law permits the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the governing body must take necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance. During 2024 the City issued \$5,705,000 of temporary notes with interest rates ranging from 2.875% to 4.000%.

During 2024, the temporary note activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
City Park Shelter	\$ 390,000	\$ —	\$ 390,000	\$ —
Park Glen Estates Phase 2	1,210,000	—	1,210,000	—
Park Glen Estates 2 nd Addition	1,700,000	—	—	1,700,000
Indian Ridge Phase 1	1,526,900	—	—	1,526,900
2024 Street Projects	<u>548,100</u>	<u>5,705,000</u>	<u>—</u>	<u>6,253,100</u>
	<u>\$ 5,375,000</u>	<u>\$ 5,705,000</u>	<u>\$ 1,600,000</u>	<u>\$ 9,480,000</u>

Annual debt service requirements to maturity for the temporary notes are as followed.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,060,000	\$ 286,841	\$ 1,346,841
2026	2,715,000	279,741	2,994,741
2027	<u>5,705,000</u>	<u>182,560</u>	<u>5,887,560</u>
	<u>\$ 9,480,000</u>	<u>\$ 749,142</u>	<u>\$ 10,229,142</u>

5. 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. KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. KPERs' financial statements are included in the Comprehensive Annual Financial Report that can be found on the KPERs website at www.kpers.org or by writing to KPERs (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

5. PENSION PLAN (continued)

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establishes 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 limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the city were \$99,762 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was \$893,770. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 which was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and 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 the financial statement.

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

6. CAPITAL PROJECT AUTHORIZATIONS

At December 31, 2024, individual capital project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2024</u>
Indian Ridge Phase 1	\$ 1,526,900	\$1,444,295
Park Glen Estates Phase 2 Improvement Project	1,225,634	1,014,844
City Park Shelter	390,000	386,773
Park Glen Estates 2 nd Addition	1,700,000	1,512,232
2024 Street Projects	6,253,100	5,216,477

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy, if any, has not been quantified in these financial statements and it is management’s opinion that any such amounts are not significant to the City’s financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the City under this program.

Death and Disability Other Post Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2024.

8. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for 2024 is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 277,762	\$ 944,785
Debt Service	126,923	-
Water Utility	-	207,212
Sewer Utility	-	275,712
Library Employee Benefits	-	1
Special Parks and Recreation	40,000	29,650
City Park Shelters	-	9,705
Capital Improvement	-	2
Park Glen Estates Phase 2 Improvement Project	-	49,923
Donations- Admin	-	15
City CD	551,116	-
City Sewer Upgrade	-	347,879
Equipment Reserve - Administration	43,050	69,243
Equipment Reserve - Senior Center	7,100	-
Equipment Reserve - Police	101,600	99,448
Equipment Reserve - Court	21,450	25,100
Equipment Reserve - Public Works	25,340	6,500
Equipment Reserve - Museum	2,000	-
Equipment Reserve - Fire	70,400	-
Equipment Reserve - Park	29,790	-
Equipment Reserve - Pool	8,000	10,000
Equipment Reserve - Library Building	500	-
Equipment Reserve - Special Parks	29,650	-
Equipment Reserve - Special Highway	-	47,091
Equipment Reserve - Special Building	681,605	370,077
Equipment Reserve - Water	68,340	-
Equipment Reserve - Sewer	<u>407,717</u>	<u>-</u>
Total transfers	<u>\$2,492,343</u>	<u>\$2,492,343</u>

9. RECLASSIFICATIONS AND COMPARATIVE DATA

The amounts shown for 2023 in the accompanying financial statement are included, where practicable, only to provide a basis for comparison with 2024 and are not intended to present all information necessary for a fair presentation in accordance with the regulatory basis of presentation. Certain amounts for 2023 have been reclassified to conform to the presentation of similar amounts for 2024.

10. SPECIAL ASSESSMENTS

Projects, financed in part by special assessments, are financed through general obligation bonds of the City and are retired from the Debt Service Fund. Special assessments paid prior to the issuance of the bonds are recorded as revenue in the appropriate project fund. Special assessments received after the issuance of bonds are recorded in the Debt Service Fund.

CITY OF CLEARWATER, KANSAS

Schedule -1-

Summary of Expenditures – Actual and Budget Regulatory Basis For the Year Ended December 31, 2024

Department	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance favorable (unfavorable)
General Fund	\$ 3,975,879	\$ –	\$ 3,975,879	\$ 3,478,303	\$ 497,576
Special Purpose Funds:					
Special Highway	100,000	–	100,000	100,000	–
Employee Benefits	20	–	20	–	20
Special Liability Insurance	10	–	10	–	10
Special Parks & Recreations	44,000	–	44,000	40,000	4,000
Capital Improvement	20	–	20	2	18
Library	134,172	–	134,172	132,236	1,936
Library Employee Benefits	10	–	10	1	9
Emergency Medical Services Fee	–	–	–	–	–
Senior Center	34,602	–	34,602	22,544	12,058
Debt Service Fund:					
Debt Service	450,888	–	450,888	294,562	156,326
Business Funds:					
Water Utility	419,503	–	419,503	419,408	95
Sewer Utility	431,482	–	431,482	431,340	142

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures – Actual and Budget Regulatory Basis

For the Year Ended December 31, 2024

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

GENERAL FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Taxes	\$ 2,024,592	\$ 2,325,915	\$ 1,422,803	\$ 903,112
Intergovernmental	138,069	140,082	716,000	(575,918)
Licenses, Permits and Fees	237,335	226,087	215,753	10,334
Charges for Services	306,149	331,422	334,100	(2,678)
Fines and Forfeitures	74,799	77,847	75,000	2,847
Use of Money & Property	53,940	64,332	68,500	(4,168)
Miscellaneous	30,757	28,346	12,000	16,346
Transfers from Other Funds	334,536	277,762	278,004	(242)
Total Cash Receipts	3,200,177	3,471,793	\$ 3,122,160	\$ 349,633
Expenditures:				
Administration	823,197	789,368	\$ 797,652	\$ 8,284
Senior & Community Center	58,883	61,695	51,348	(10,347)
Police	803,795	811,863	886,775	74,912
Court	75,345	72,507	85,568	13,061
Public Works	197,620	186,944	221,200	34,256
Fire	186,741	197,328	197,835	507
Park	261,967	228,671	260,607	31,936
Pool	92,738	90,817	92,617	1,800
Museum Building	8,232	9,175	10,610	1,435
Library	8,500	4,338	3,100	(1,238)
Special Project	–	49,878	225,200	175,322
Debt Service	41,240	30,934	881,238	850,304
Transfers to Other Funds	848,754	944,785	262,129	(682,656)
Total Expenditures	3,407,012	3,478,303	\$ 3,975,879	\$ 497,576
Cash Receipts Over (Under)				
Expenditures	(206,835)	(6,510)		
Unencumbered Cash, Beginning	1,041,104	834,269	\$ 853,719	\$ (19,450)
Unencumbered Cash, Ending	<u>\$ 834,269</u>	<u>\$ 827,759</u>		

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures – Actual and Budget****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****SPECIAL HIGHWAY FUND**

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Intergovernmental	\$ 102,618	\$ 103,252	\$ 99,460	\$ 3,792
Use of Money & Property	462	603	50	553
Miscellaneous	–	–	–	–
Total Cash Receipts	103,080	103,855	\$ 99,510	\$ 4,345
Expenditures:				
Contractual Services	–	–	\$ –	\$ –
Commodities	9,017	–	–	–
Capital Outlay	100,000	100,000	100,000	–
Transfers Out	28,000	–	–	–
Total Expenditures	137,017	100,000	\$ 100,000	\$ –
Cash Receipts Over (Under) Expenditures	(33,937)	3,855		
Unencumbered Cash, Beginning	160,508	126,571		
Unencumbered Cash, Ending	\$ 126,571	\$ 130,426		

CITY OF CLEARWATER, KANSAS
Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

EMPLOYEE BENEFITS FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	Actual	Budget	
Cash Receipts:				
Taxes	\$ –	\$ –	\$ 20	\$ (20)
Use of Money & Property	–	–	–	–
Total Cash Receipts	–	–	<u> \$ 20</u>	<u> \$ (20)</u>
Expenditures:				
Transfers Out	–	–	<u> \$ 20</u>	<u> \$ 20</u>
Expenditures Over Cash Receipts	–	–		
Unencumbered Cash, Beginning	–	–	<u> \$ –</u>	<u> \$ –</u>
Unencumbered Cash, Ending	<u> \$ –</u>	<u> \$ –</u>		

CITY OF CLEARWATER , KANSAS
Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

SPECIAL LIABILITY INSURANCE FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Taxes	\$ 9	\$ –	\$ 10	\$ (10)
Use of Money & Property	–	–	–	–
Total Cash Receipts	9	–	<u>\$ 10</u>	<u>\$ (10)</u>
Expenditures:				
Transfers Out	9	–	<u>\$ 10</u>	<u>\$ 10</u>
Cash Receipts Over (Under) Expenditures	–	–		
Unencumbered Cash, Beginning	–	–		
Unencumbered Cash, Ending	<u>\$ –</u>	<u>\$ –</u>		

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2024

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

SPECIAL PARKS AND RECREATION FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	Actual	Budget	
Cash Receipts:				
Taxes	\$ 1,826	\$ –	\$ –	\$ –
Intergovernmental	1,030	1,030	–	1,030
Licenses, Fees and Permits	–	–	–	–
Use of Money & Property	35	13	–	13
Transfers In	189,000	40,000	40,000	–
Total Cash Receipts	191,891	41,043	\$ 40,000	\$ 1,043
Expenditures:				
Contractual Services	–	10,350	\$ –	\$ (10,350)
Capital Outlay	188,728	–	44,000	44,000
Transfer Out	–	29,650	–	(29,650)
Total Expenditures	188,728	40,000	\$ 44,000	\$ 4,000
Cash Receipts Over (Under) Expenditures	3,163	1,043		
Unencumbered Cash, Beginning	1,967	5,130		
Unencumbered Cash, Ending	\$ 5,130	\$ 6,173		

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures – Actual and Budget****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****CAPITAL IMPROVEMENT FUND**

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Taxes	\$ 158	\$ 2	\$ 20	\$ (18)
Use of Money & Property	–	–	–	–
Total Cash Receipts	<u>158</u>	<u>2</u>	<u>\$ 20</u>	<u>\$ (18)</u>
Expenditures:				
Transfers Out	<u>158</u>	<u>2</u>	<u>\$ 20</u>	<u>\$ 18</u>
Expenditures Over Cash Receipts	–	–		
Unencumbered Cash, Beginning	<u>–</u>	<u>–</u>	<u>\$ –</u>	<u>\$ –</u>
Unencumbered Cash, Ending	<u>\$ –</u>	<u>\$ –</u>		

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2024

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

LIBRARY FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Taxes	\$ 110,266	\$ 132,236	\$ 132,244	\$ (8)
Use of money & Property	–	–	–	–
Total Cash Receipts	110,266	132,236	<u>\$ 132,244</u>	<u>\$ (8)</u>
Expenditures:				
Appropriation to Library Board	112,195	132,236	<u>\$ 134,172</u>	<u>\$ 1,936</u>
Cash Receipts Over (Under) Expenditures	(1,929)	–		
Unencumbered Cash, Beginning	<u>1,929</u>	<u>–</u>	<u>\$ 1,928</u>	<u>\$ (1,928)</u>
Unencumbered Cash, Ending	<u>\$ –</u>	<u>\$ –</u>		

CITY OF CLEARWATER, KANSAS
Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

LIBRARY EMPLOYEE BENEFITS FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Taxes	\$ 11	\$ 1	\$ 10	\$ (9)
Use of Money & Property	-	-	-	-
Total Cash Receipts	<u>11</u>	<u>1</u>	<u>\$ 10</u>	<u>\$ (9)</u>
Expenditures:				
Transfers Out	<u>11</u>	<u>1</u>	<u>\$ 10</u>	<u>\$ 9</u>
Expenditures Over Cash Receipts	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2024

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

EMERGENCY MEDICAL SERVICES FEE FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Charges for Services	\$ 2	\$ –	\$ 200	\$ (200)
Use of Money & Property	–	–	–	–
Total Cash Receipts	2	–	<u>\$ 200</u>	<u>\$ (200)</u>
Expenditures:				
Transfers Out	2	–	<u>\$ 200</u>	<u>\$ 200</u>
Expenditures Over Cash Receipts	–	–		
Unencumbered Cash, Beginning	–	–		
Unencumbered Cash, Ending	<u>\$ –</u>	<u>\$ –</u>		

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2024

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

SENIOR CENTER FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Intergovernmental	\$ 20,749	\$ 20,151	\$ 35,000	\$ (14,849)
Use of Money & Property	–	–	–	–
Total Cash Receipts	<u>20,749</u>	<u>20,151</u>	<u>\$ 35,000</u>	<u>\$ (14,849)</u>
Expenditures:				
Personnel Services	10,085	14,478	\$ 17,800	\$ 3,322
Contractual Services	–	–	12,060	12,060
Commodities	5,208	8,066	4,742	(3,324)
Transfer Out	<u>3,000</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total Expenditures	18,293	22,544	<u>\$ 34,602</u>	<u>\$ 12,058</u>
Cash Receipts Over (Under) Expenditures	2,456	(2,393)		
Unencumbered Cash, Beginning	<u>388</u>	<u>2,844</u>		
Unencumbered Cash, Ending	<u>\$ 2,844</u>	<u>\$ 451</u>		

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****LAW ENFORCEMENT TRUST FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 20	\$ 40
Miscellaneous	—	—
	<u>20</u>	<u>40</u>
Total Cash Receipts		
Expenditures:		
Commodities	—	—
	<u>20</u>	<u>40</u>
Cash Receipts Over Expenditures	20	40
Unencumbered Cash, Beginning	<u>7,854</u>	<u>7,874</u>
Unencumbered Cash, Ending	<u><u>\$ 7,874</u></u>	<u><u>\$ 7,914</u></u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****DONATIONS - ADMINISTRATION FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Miscellaneous	\$ —	\$ —
Expenditures:		
Capital Outlay	—	15
Expenditures Over Cash Receipts	—	(15)
Unencumbered Cash, Beginning	<u> 15</u>	<u> 15</u>
Unencumbered Cash, Ending	<u><u>\$ 15</u></u>	<u><u>\$ —</u></u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****DONATIONS - POLICE FUND**

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 10	\$ 16
Miscellaneous	—	—
	<u>10</u>	<u>16</u>
Total Cash Receipts		
Expenditures:		
Commodities	3,208	—
Capital Outlay	—	—
	<u>3,208</u>	<u>—</u>
Total Expenditures		
Cash Receipts Over (Under)	—	—
Expenditures	(3,198)	16
Unencumbered Cash, Beginning	<u>6,374</u>	<u>3,176</u>
Unencumbered Cash, Ending	<u>\$ 3,176</u>	<u>\$ 3,192</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****DONATIONS - FIRE FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 49	\$ 112
Miscellaneous	4,990	10,508
Transfers In	-	-
	<u>5,039</u>	<u>10,620</u>
Total Cash Receipts		
Expenditures:		
Commodities	462	2,276
Capital Outlay	-	1,295
	<u>462</u>	<u>3,571</u>
Total Expenditures		
Cash Receipts Over Expenditures	4,577	7,049
Unencumbered Cash, Beginning	<u>17,296</u>	<u>21,873</u>
Unencumbered Cash, Ending	<u><u>\$ 21,873</u></u>	<u><u>\$ 28,922</u></u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****DONATIONS - PARK FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 3	\$ 5
Expenditures:		
Capital Outlay	<u>—</u>	<u>—</u>
Cash Receipts Over Expenditures	3	5
Unencumbered Cash, Beginning	<u>1,018</u>	<u>1,021</u>
Unencumbered Cash, Ending	<u>\$ 1,021</u>	<u>\$ 1,026</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****DONATIONS - HISTORICAL SOCIETY FUND**

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 531	\$ 430
Miscellaneous	3,124	2,506
	<u>3,655</u>	<u>2,936</u>
Total Cash Receipts		
Expenditures:		
Personnel Services	732	732
Commodities	271	930
Capital Outlay	371	1,419
	<u>1,374</u>	<u>3,081</u>
Total Expenditures		
Cash Receipts Over (Under)		
Expenditures	2,281	(145)
Unencumbered Cash, Beginning	38,995	41,276
	<u>38,995</u>	<u>41,276</u>
Unencumbered Cash, Ending	\$ <u>41,276</u>	\$ <u>41,131</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - SENIOR CENTER FUND**

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 30	\$ 61
Miscellaneous	475	—
Transfers In	2,100	7,100
	<hr/>	<hr/>
Total Cash Receipts	2,605	7,161
Expenditures:		
Capital Outlay	3,674	—
	<hr/>	<hr/>
Cash Receipts Over (Under)		
Expenditures	(1,069)	7,161
Unencumbered Cash, Beginning	13,241	12,172
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 12,172	\$ 19,333
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - ADMINISTRATION FUND**

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 415	\$ 398
Miscellaneous	-	-
Transfers In	<u>33,000</u>	<u>43,050</u>
Total Cash Receipts	<u>33,415</u>	<u>43,448</u>
Expenditures:		
Contractual	30,125	13,250
Commodities	48,760	385
Capital Outlay	29,620	2,799
Transfers Out	<u>102,821</u>	<u>69,243</u>
Total Expenditures	<u>211,326</u>	<u>85,677</u>
Expenditures Over Cash Receipts	(177,911)	(42,229)
Unencumbered Cash, Beginning	<u>314,462</u>	<u>136,551</u>
Unencumbered Cash, Ending	<u>\$ 136,551</u>	<u>\$ 94,322</u>

CITY OF CLEARWATER, KANSAS

**Schedule of Receipts and Expenditures
Regulatory Basis**

For the Year Ended December 31, 2024

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

EQUIPMENT RESERVE - SENIOR CENTER FUND

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 30	\$ 61
Miscellaneous	475	-
Transfers In	<u>2,100</u>	<u>7,100</u>
Total Cash Receipts	2,605	7,161
Expenditures:		
Capital Outlay	<u>3,674</u>	<u>-</u>
Expenditures Over Cash Receipts	(1,069)	7,161
Unencumbered Cash, Beginning	<u>13,241</u>	<u>12,172</u>
Unencumbered Cash, Ending	<u>\$ 12,172</u>	<u>\$ 19,333</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - POLICE FUND**

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 464	\$ 423
Miscellaneous	-	96,399
Transfers In	81,050	101,600
	<u>81,514</u>	<u>198,422</u>
Total Cash Receipts		
Expenditures:		
Contractual	4,997	474
Commodities	585	-
Capital Outlay	29,030	188,790
Transfers Out	-	99,448
	<u>34,612</u>	<u>288,712</u>
Total Expenditures		
Cash Receipts Over (Under)		
Expenditures	46,902	(90,290)
Unencumbered Cash, Beginning	197,026	243,928
	<u>197,026</u>	<u>243,928</u>
Unencumbered Cash, Ending	<u>\$ 243,928</u>	<u>\$ 153,638</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - COURT FUND**

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 67	\$ 39
Transfers In	450	21,450
	<hr/>	<hr/>
Total Cash Receipts	517	21,489
Expenditures:		
Transfers Out	—	25,100
	<hr/>	<hr/>
Cash Receipts Over (Under)		
Expenditures	517	(3,611)
Unencumbered Cash, Beginning	26,119	26,636
	<hr/>	<hr/>
Unencumbered Cash, Ending	<u>\$ 26,636</u>	<u>\$ 23,025</u>

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended December 31, 2024

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

EQUIPMENT RESERVE - PUBLIC WORKS FUND

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 343	\$ 788
Miscellaneous	1,502	8,817
Tranfers In	105,620	25,340
Total Cash Receipts	107,465	34,945
Expenditures:		
Contractual	-	7,837
Commodities	-	-
Capital Outlay	22,120	104,918
Transfers Out	-	6,500
Total Expenditures	22,120	119,255
Cash Receipts Over (Under)		
Expenditures	85,345	(84,310)
Unencumbered Cash, Beginning	122,784	208,129
Unencumbered Cash, Ending	\$ 208,129	\$ 123,819

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - FIRE FUND**

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 322	\$ 850
Miscellaneous	9,322	92,497
Transfers In	103,629	70,400
	<u>113,273</u>	<u>163,747</u>
Total Cash Receipts		
Expenditures:		
Contractual Services	—	3,051
Commodities	2,978	1,229
Capital Outlay	13,569	134,232
	<u>16,547</u>	<u>138,512</u>
Total Expenditures		
Cash Receipts Over Expenditures	96,726	25,235
Unencumbered Cash, Beginning	86,612	183,338
	<u>183,338</u>	<u>208,573</u>
Unencumbered Cash, Ending		

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended December 31, 2024

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

EQUIPMENT RESERVE - PARK FUND

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 135	\$ 447
Miscellaneous	75	-
Transfers In	39,850	29,790
Total Cash Receipts	40,060	30,237
Expenditures:		
Capital Outlay	-	-
Transfers Out	230	-
Total Expenditures	230	-
Cash Receipts Over Expenditures	39,830	30,237
Unencumbered Cash, Beginning	49,315	89,145
Unencumbered Cash, Ending	\$ 89,145	\$ 119,382

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended December 31, 2024

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

EQUIPMENT RESERVE - POOL FUND

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 138	\$ 68
Transfers In	17,800	8,000
Total Cash Receipts	17,938	8,068
Expenditures:		
Contractual Services	-	30,000
Commodities	-	114
Capital Outlay	29,355	17,391
Transfers Out	-	10,000
Total Expenditures	29,355	57,505
Expenditures Over Cash Receipts	(11,417)	(49,437)
Unencumbered Cash, Beginning	68,574	57,157
Unencumbered Cash, Ending	\$ 57,157	\$ 7,720

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE -MUSEUM FUND**

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 3	\$ 3
Transfers In	1,000	2,000
	<u>1,003</u>	<u>2,003</u>
Total Cash Receipts	1,003	2,003
Expenditures:		
Capital Outlay	1,555	1,320
	<u>1,555</u>	<u>1,320</u>
Cash Receipts Over (Under)		
Expenditures	(552)	683
Unencumbered Cash, Beginning	1,486	934
	<u>1,486</u>	<u>934</u>
Unencumbered Cash, Ending	<u>\$ 934</u>	<u>\$ 1,617</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - LIBRARY BUILDING FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 1	\$ 1
Transfers In	500	500
	<u>501</u>	<u>501</u>
Total Cash Receipts	501	501
Expenditures:		
Capital Outlay	2,397	—
	<u>2,397</u>	<u>—</u>
Expenditures Over Cash Receipts	(1,896)	501
Unencumbered Cash, Beginning	2,025	129
	<u>2,025</u>	<u>129</u>
Unencumbered Cash, Ending	<u>\$ 129</u>	<u>\$ 630</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - SPECIAL HIGHWAY FUND**

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 270	\$ 67
Transfers In	28,000	—
Total Cash Receipts	<u>28,270</u>	<u>67</u>
Expenditures:		
Capital Outlay	99,382	0
Transfers Out	37,395	47,091
Total Expenditures	<u>136,777</u>	<u>47,091</u>
Expenditures Over Cash Receipts	(108,507)	(47,024)
Unencumbered Cash, Beginning	<u>155,552</u>	<u>47,045</u>
Unencumbered Cash, Ending	<u>\$ 47,045</u>	<u>\$ 21</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - SPECIAL PARKS FUND**

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 61	\$ 112
Miscellaneous	12,680	-
Transfers In	103,051	29,650
	<u>115,792</u>	<u>29,762</u>
Total Cash Receipts	115,792	29,762
Expenditures:		
Capital Outlay	16,958	-
Transfers Out	384,432	-
	<u>401,390</u>	<u>-</u>
Total Expenditures	401,390	-
Cash Receipts Over (Under)		
Expenditures	(285,598)	29,762
Unencumbered Cash, Beginning	307,721	22,123
	<u>307,721</u>	<u>22,123</u>
Unencumbered Cash, Ending	<u>\$ 22,123</u>	<u>\$ 51,885</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - SPECIAL BUILDING FUND**

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 758	\$ 1,470
Other	–	53,556
Transfers In	312,150	681,605
	<hr/>	<hr/>
Total Cash Receipts	312,908	736,631
Expenditures:		
Contractual Services	–	1,642
Capital Outlay	25,354	105,621
Transfers Out	–	370,077
	<hr/>	<hr/>
Total Expenditures	25,354	477,340
Cash Receipts Over Expenditures	287,554	259,291
Unencumbered Cash, Beginning	176,065	463,619
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 463,619	\$ 722,910
	<hr/>	<hr/>

CITY OF CLEARWATER, KANSAS

**Schedule of Receipts and Expenditures
Regulatory Basis**

For the Year Ended December 31, 2024

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

CITY CD FUND

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ -	\$ 15,996
Transfers In	-	551,116
	<hr/>	<hr/>
Total Cash Receipts	-	567,112
	<hr/>	<hr/>
Expenditures:		
Contractual Services	-	-
	<hr/>	<hr/>
Cash Receipts Over (Under)		
Expenditures	-	567,112
Unencumbered Cash, Beginning	-	-
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ -	\$ 567,112
	<hr/> <hr/>	<hr/> <hr/>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****CHRISTMAS CELEBRATION FUND**

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 10	\$ 15
Miscellaneous	5,800	2,003
Transfers In	—	—
	<u>5,810</u>	<u>2,018</u>
Total Cash Receipts		
Expenditures:		
Commodities	1,343	1,643
Capital Outlay	5,259	—
	<u>6,602</u>	<u>1,643</u>
Total Expenditures		
Cash Receipts Over (Under)		
Expenditures	(792)	375
Unencumbered Cash, Beginning	<u>3,958</u>	<u>3,166</u>
Unencumbered Cash, Ending	<u>\$ 3,166</u>	<u>\$ 3,541</u>

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended December 31, 2024

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

DOWNTOWN TRICK-OR-TREAT FUND

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 1	\$ 3
Miscellaneous	484	445
	<hr/>	<hr/>
Total Cash Receipts	485	448
	<hr/>	<hr/>
Expenditures:		
Commodities	260	332
	<hr/>	<hr/>
Cash Receipts Over Expenditures	224	116
Unencumbered Cash, Beginning	375	599
	<hr/>	<hr/>
Unencumbered Cash, Ending	<u>\$ 599</u>	<u>\$ 715</u>

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2024

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

DEBT SERVICE FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Taxes	\$ 128,215	\$ 23,455	\$ 19,151	\$ 4,304
Special Assesments	196,988	118,323	126,977	(8,654)
Use of Money and Property	775	1,185	100	1,085
Transfers In	182,359	126,923	77,000	49,923
Total Cash Receipts	<u>508,337</u>	<u>269,886</u>	<u>\$ 223,228</u>	<u>\$ 46,658</u>
Expenditures:				
Bond Principal	435,000	225,000	\$ 225,000	\$ –
Bond Interest	61,198	69,562	50,868	(18,694)
Bond Reserve	–	–	175,020	175,020
Total Expenditures	<u>496,198</u>	<u>294,562</u>	<u>\$ 450,888</u>	<u>\$ 156,326</u>
Cash Receipts Over (Under)				
Expenditures	12,139	(24,676)		
Unencumbered Cash, Beginning	188,793	200,932	\$ 227,660	\$ (26,728)
Unencumbered Cash, Ending	<u>\$ 200,932</u>	<u>\$ 176,256</u>		

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended December 31, 2024

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

PARK GLEN ESTATES PHASE 2 IMPROVEMENT PROJECT FUND

	Year ended December 31,	
	2023	2024
Cash Receipts:		
Use of Money & Property	\$ 626	\$ 430
Temporary Note Proceeds	-	1,050,987
Transfers In	-	-
	626	1,051,417
Total Cash Receipts	626	1,051,417
Expenditures:		
Contractual Services	-	12,020
Capital Outlay	-	19,485
Debt Service	8,470	1,214,235
Transfers Out	-	49,923
	8,470	1,295,663
Total Expenditures	8,470	1,295,663
Expenditures Over Cash Receipts	(7,844)	(244,246)
Unencumbered Cash, Beginning	252,090	244,246
Unencumbered Cash, Ending	\$ 244,246	\$ -

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****PARK GLEN ESTATES 2nd ADDITION FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 597	\$ 3,376
Temporary Note Proceeds	1,700,000	—
Transfers In	—	—
	<u>1,700,597</u>	<u>3,376</u>
Total Cash Receipts		
Expenditures:		
Contractual Services	16,115	1,232
Capital Outlay	1,312,923	127,121
Debt Service	630	54,211
	<u>1,329,668</u>	<u>182,564</u>
Total Expenditures		
Cash Receipts Over (Under)		
Expenditures	370,929	(179,188)
Unencumbered Cash, Beginning	—	370,929
	<u>370,929</u>	<u>370,929</u>
Unencumbered Cash, Ending	\$ <u>370,929</u>	\$ <u>191,741</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****INDIAN RIDGE PHASE 1 PROJECT FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 1,494	\$ 527
Temporary Note Proceeds	466,900	—
	<u>468,394</u>	<u>527</u>
Total Cash Receipts		
Expenditures:		
Contractual Services	162,779	—
Capital Outlay	1,093,649	—
Debt Service	44,689	53,173
	<u>1,301,117</u>	<u>53,173</u>
Total Expenditures		
Expenditures Over Cash Receipts	(832,723)	(52,646)
Unencumbered Cash, Beginning	<u>970,116</u>	<u>137,393</u>
Unencumbered Cash, Ending	<u>\$ 137,393</u>	<u>\$ 84,747</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****2024 STREET RECONSTRUCTION PROJECT FUND**

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 1,307	\$ 9,369
Temporary Note Proceeds	548,100	5,705,000
Transfers In	-	-
	<u>549,407</u>	<u>5,714,369</u>
Total Cash Receipts		
Expenditures:		
Contractual	12,606	88,171
Capital Outlaty	456,722	4,635,926
Debt Service	7,354	15,758
	<u>476,682</u>	<u>4,739,855</u>
Total Expenditures		
Cash Receipts Over Expenditures	72,725	974,514
Unencumbered Cash, Beginning	-	72,725
	<u>72,725</u>	<u>72,725</u>
Unencumbered Cash, Ending	<u>\$ 72,725</u>	<u>\$ 1,047,239</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****CITY PARK SHELTERS FUND**

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 11,312	\$ 3,387
Transfers In	384,432	-
	<u>395,744</u>	<u>3,387</u>
Total Cash Receipts		
Expenditures:		
Contractual Services	-	-
Debt Service	1,950	391,950
Transfers Out	-	9,705
	<u>1,950</u>	<u>401,655</u>
Total Expenditures		
Cash Receipts Over (Under)		
Expenditures	393,794	(398,268)
Unencumbered Cash, Beginning	4,474	398,268
	<u>4,474</u>	<u>398,268</u>
Unencumbered Cash, Ending	<u>\$ 398,268</u>	<u>\$ -</u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****CITY SEWER UPGRADE FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 2,877	\$ -
Transfers In	<u>345,000</u>	<u>-</u>
Total Cash Receipts	<u>347,877</u>	<u>-</u>
Expenditures:		
Transfers Out	<u>-</u>	<u>347,877</u>
Cash Receipts Over (Under)		
Expenditures	347,877	(347,877)
Unencumbered Cash, Beginning	<u>-</u>	<u>347,877</u>
Unencumbered Cash, Ending	<u><u>\$ 347,877</u></u>	<u><u>\$ -</u></u>

CITY OF CLEARWATER, KANSAS
Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

WATER UTILITY FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	Actual	Budget	
Cash Receipts:				
Charges for Services	\$ 415,422	\$ 495,645	\$ 455,183	\$ 40,462
Use of Money & Property	332	655	100	555
Miscellaneous	3,485	2,532	–	2,532
Total Cash Receipts	419,239	498,832	\$ 455,283	\$ 43,549
Expenditures:				
Personnel Services	99,842	103,316	\$ 122,130	\$ 18,814
Contractual Services	65,688	61,295	84,001	22,706
Commodities	53,944	47,585	50,160	2,575
Capital Outlay	20,451	–	1,000	1,000
Transfers to Other Funds	244,338	207,212	162,212	(45,000)
Total Expenditures	484,263	419,408	\$ 419,503	\$ 95
Cash Receipts Over (Under)				
Expenditures	(65,024)	79,424		
Unencumbered Cash, Beginning	119,751	54,727		
Unencumbered Cash, Ending	\$ 54,727	\$ 134,151		

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2024

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

SEWER UTILITY FUND

	Year ended December 31,			Variance favorable (unfavorable)
	2023 Actual	2024		
	Actual	Actual	Budget	
Cash Receipts:				
Charges for Services	\$ 563,583	\$ 519,903	\$ 478,980	\$ 40,923
Use of Money & Property	556	1,297	200	1,097
Miscellaneous	508	877	–	877
	<u>564,647</u>	<u>522,077</u>	<u>\$ 479,180</u>	<u>\$ 42,897</u>
Total Cash Receipts				
Expenditures:				
Personnel Services	99,330	102,627	\$ 121,330	\$ 18,703
Contractual Services	35,510	44,841	52,480	7,639
Commodities	19,833	8,160	14,360	6,200
Capital Outlay	830	–	600	600
Transfers to Other Funds	420,979	275,712	242,712	(33,000)
	<u>576,482</u>	<u>431,340</u>	<u>\$ 431,482</u>	<u>\$ 142</u>
Total Expenditures				
Cash Receipts Over (Under)				
Expenditures	(11,835)	90,737		
Unencumbered Cash, Beginning	<u>176,662</u>	<u>164,827</u>		
Unencumbered Cash, Ending	<u>\$ 164,827</u>	<u>\$ 255,564</u>		

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE- WATER FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 305	\$ 725
Transfers In	<u>65,800</u>	<u>68,340</u>
Total Cash Receipts	<u>66,105</u>	<u>69,065</u>
Expenditures:		
Capital Outlay	<u>93,084</u>	<u>68</u>
Total Expenditures	<u>93,084</u>	<u>68</u>
Cash Receipts Over (Under)		
Expenditures	(26,979)	68,997
Unencumbered Cash, Beginning	<u>168,670</u>	<u>141,691</u>
Unencumbered Cash, Ending	<u><u>\$ 141,691</u></u>	<u><u>\$ 210,688</u></u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Expenditures****Regulatory Basis****For the Year Ended December 31, 2024****(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)****EQUIPMENT RESERVE - SEWER FUND**

	Year ended December 31,	
	<u>2023</u>	<u>2024</u>
Cash Receipts:		
Use of Money & Property	\$ 1,173	\$ 16,934
Transfers In	<u>85,800</u>	<u>407,717</u>
Total Cash Receipts	<u>86,973</u>	<u>424,651</u>
Expenditures:		
Capital Outlay	14,850	15,355
Transfer Out	<u>345,000</u>	<u>—</u>
Total Expenditures	<u>359,850</u>	<u>15,355</u>
Cash Receipts Over (Under)		
Expenditures	(272,877)	409,296
Unencumbered Cash, Beginning	<u>628,231</u>	<u>355,354</u>
Unencumbered Cash, Ending	<u><u>\$ 355,354</u></u>	<u><u>\$ 764,650</u></u>

CITY OF CLEARWATER, KANSAS

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended December 31, 2024

CLEARWATER PUBLIC LIBRARY

	Actual
Cash Receipts:	
Appropriation from City of Clearwater	\$ 132,236
Intergovernmental	26,441
Fines & Forfeitures	306
Use of Money & Property	-
Miscellaneous	5,274
	164,257
Total Cash Receipts	
	164,257
Expenditures:	
Personal services	95,396
Commodities	10,124
Contractual	37,346
Capital Outlay	3,228
	146,094
Total Expenditures	
	146,094
Expenditures Over Cash Receipts	
	18,163
Unencumbered Cash, Beginning	
	54,692
Unencumbered Cash, Ending	
	\$ 72,855

CITY OF CLEARWATER, KANSAS

**Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024**

CLEARWATER PUBLIC BUILDING COMMISSION

	<u>Actual</u>
Cash Receipts:	
Use of Money & Property	\$ 3
Expenditures:	
Contractual Services	<u>—</u>
Cash Receipts Over Expenditures	3
Unencumbered Cash, Beginning	<u>1,114</u>
Unencumbered Cash, Ending	<u><u>\$ 1,117</u></u>

CITY OF CLEARWATER, KANSAS**Schedule of Receipts and Disbursements****Regulatory Basis****For the Year Ended December 31, 2024****AGENCY FUNDS**

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Payroll Withholding Fund	\$ 565	\$ 1,873,295	\$ 1,873,332	\$ 528
Court Bond Holdings	-	3,502	3,208	294
Totals	<u>\$ 565</u>	<u>\$ 1,876,797</u>	<u>\$ 1,876,540</u>	<u>\$ 822</u>

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

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

THE NOTE 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 (specifically including K.S.A. 10-123), K.S.A. 10-620 *et seq.* and K.S.A. 12-1736 *et seq.*, all as amended and supplemented.

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

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

“**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.

“**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 Notes.

“**City**” means the City of Clearwater, Kansas.

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

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

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

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

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

“**Dated Date**” means May 28, 2026.

“Debt Service Account” means the account by that name (within the Bond and Interest Fund) created by the Note 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 Notes 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 Note 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.

“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 Notes 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 Notes 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 Notes or in the Note 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 Notes then Outstanding.

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

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

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

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

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

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

“Improvements” means the improvements referred to in the preamble to the Note Resolution 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 Note Resolution.

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Note which shall be April 1 and October 1 of each year, commencing October 1, 2026.

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

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

“Kroll” means Kroll Bond Rating Agency, Inc., 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, “Kroll” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

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

“Mayor” means the duly elected and acting Mayor, 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.

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

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

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

“Note Resolution” means the resolution adopted by the governing body of the Issuer authorizing the issuance of the Notes, as amended from time to time.

“Notes” means the General Obligation Temporary Notes, Series 2026A, authorized and issued by the Issuer pursuant to the Note Resolution.

“Official Statement” means the Issuer's Official Statement relating to the Notes.

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

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

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

“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 Notes.

“Rating Agency” means any company, agency or entity that provides ratings for the Notes.

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

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

“Replacement Notes” means Notes issued to the Beneficial Owners of the Notes in accordance with the Note Resolution.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, 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 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 Note or any installment of interest thereon means the date specified in such Note and the Note Resolution as the fixed date on which the principal of such Note or such installment of interest is due and payable.

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

“Treasurer” means the duly appointed and/or elected Treasurer 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 NOTE PROCEEDS

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

- (a) Improvement Fund.
- (b) Debt Service Account.
- (c) Costs of Issuance Account.

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

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

- (a) All accrued interest and excess proceeds, if any, received from the sale of the Notes 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 Notes 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 costs of the Improvements; and (b) paying interest on the Notes during construction of the Improvements.

Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Mayor (or designate)

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

The Issuer may reallocate expenditure of Note proceeds among all Improvements financed by the Notes; 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 Notes allocated to any Improvement to exceed the Financeable Costs of the Improvement; and (c) the reallocation will not adversely affect the tax-exempt status of the Notes under State or federal law.

Application of Moneys in the Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Notes as and when the same become due and the usual and customary fees and expenses of the Note 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 Notes and the fees and expenses of the Note 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 Notes are no longer entitled to enforce payment of the Notes 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 Note Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Notes entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account after the retirement of the indebtedness for which the Notes were issued shall be transferred and paid into the Bond and Interest Fund.

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

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

DEFAULT AND REMEDIES

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

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained in the Note Resolution and in the Notes shall be for the equal benefit, protection, and security of the Owners of any or all of the Notes, all of which Notes of any series shall be of equal rank and without preference or priority of one Note over any other Note in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Notes, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Note 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 Note Resolution, or to enforce any right, except in the manner provided in the Note 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 Notes.

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 Note 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 Notes, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Note Resolution and all other rights granted thereby shall terminate with respect to the Notes or scheduled interest payments thereon so paid and discharged. Notes, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Note 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 Notes 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 Notes 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 Notes, no such satisfaction shall occur until: (a) the Issuer has elected to redeem such Notes, 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 Note Registrar to give such notice of redemption.

TAX COVENANTS

General Covenants. The Issuer covenants and agrees that: it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Notes; and (b) all provisions and requirements of the Federal Tax Certificate. The Issuer will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Notes will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

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

CONTINUING DISCLOSURE REQUIREMENTS

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

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

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 Notes, 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 Notes 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 Notes 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 Notes 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 Notes or of the Note 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 Notes 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 Note;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Note;
- (c) permit preference or priority of any Note over any other Note; or
- (d) reduce the percentage in principal amount of Notes required for the written consent to any modification or alteration of the provisions of the Note Resolution.

Any provision of the Notes or of the Note 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 Notes at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Note 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 Notes among Improvements, to provide for Substitute Improvements, to conform the Note Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Note 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 Transaction. The issuance of the Notes 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 Note 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 Note Resolution.

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

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