

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 19, 2026

**NEW ISSUE
BOOK-ENTRY ONLY**

**BANK QUALIFIED
NON-RATED**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the interest on the Series 2026 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; (2) the interest on the Series 2026 Bonds is exempt from income taxation by the State of Kansas; and (3) the Series 2026 Bonds are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See "TAX MATTERS – Opinion of Bond Counsel" in this Official Statement.

\$1,060,000*

**RURAL WATER DISTRICT NO. 1, FINNEY COUNTY, KANSAS
WATER UTILITY SYSTEM REVENUE BONDS
SERIES 2026**

Dated: As of the Delivery Date shown below

DUE: As shown on the inside cover pages

The Water Utility System Revenue Bonds, Series 2026 (the "Series 2026 Bonds") will be issued by Rural Water District No. 1, Finney County, Kansas (the "Issuer") as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2026 Bonds. Purchases of the Series 2026 Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof (the "Authorized Denomination"). Purchasers will not receive certificates representing their interests in Series 2026 Bonds purchased. So long as Cede & Co. is the registered owner of the Series 2026 Bonds, as nominee of DTC, references herein to the Series 2026 Bond owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Series 2026 Bonds. Principal will be payable upon presentation and surrender of the Series 2026 Bonds by the registered owners thereof at the office of the Treasurer of the State of Kansas, as bond registrar and paying agent (the "Paying Agent" and "Bond Registrar"). Interest payable on each Series 2026 Bond shall be paid to the persons who are the registered owners of the Series 2026 Bonds as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner or, in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Series 2026 Bonds, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Series 2026 Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Principal of the Series 2026 Bonds will be payable annually on September 1, beginning on September 1, 2027. Interest of the Series 2026 Bonds will be paid semiannually on March 1 and September 1, beginning on March 1, 2027.

The Series 2026 Bonds shall be special obligations of the Issuer payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues derived by the Issuer from the operation of its Water Utility System (the "System"). **THE SERIES 2026 BONDS SHALL NOT BE OR CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER, NOR SHALL THEY CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION, LIMITATION OR RESTRICTION, AND NO TAXING POWER IS PLEDGED TO THE PAYMENT OF THE SERIES 2026 BONDS, EITHER AS TO PRINCIPAL OR INTEREST.** See "THE SERIES 2026 BONDS-Security for the Series 2026 Bonds." herein. Under the Bond Resolution, Additional Bonds and Additional Obligations may be issued by the Issuer on a parity with the Series 2026 Bonds (the Series 2026 Bonds and any Additional Bonds shall hereinafter be referred collectively as the "Bonds").

MATURITY SCHEDULE*

(See inside cover page)

The Series 2026 Bonds maturing September 1, 2034 and thereafter are subject to optional redemption beginning September 1, 2033 as described herein. See "THE SERIES 2026 BONDS - Redemption Provisions" herein. [The Term Bonds are also subject to mandatory redemption as described herein.]

The payment of the principal of, redemption premium, if any, and interest on the Series 2026 Bonds is subject to certain risk factors and investment considerations as described under the caption "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

The Series 2026 Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. It is expected that the Series 2026 Bonds will be available for delivery at DTC in New York, New York on or about December 1, 2026.

**BIDS WILL BE ACCEPTED ON BEHALF OF:
RURAL WATER DISTRICT NO. 1, FINNEY COUNTY, KANSAS
ON NOVEMBER 10, 2026 UNTIL 11:00 A.M. CT
BY RANSON FINANCIAL GROUP, LLC
200 W. DOUGLAS, SUITE 110
WICHITA, KANSAS 67202
PHONE: (316) 264-3400 ~ FAX: (316) 265-5403 ~ EMAIL: bids@ransonfinancial.com**

*Subject to change

\$1,060,000*
RURAL WATER DISTRICT NO. 1, FINNEY COUNTY, KANSAS
WATER UTILITY SYSTEM REVENUE BONDS
SERIES 2026

MATURITY SCHEDULE*

<u>Stated Maturity September 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Price or Yield</u>	<u>CUSIP⁽¹⁾ Base: 31803Q</u>
2027	\$45,000	_____ %	_____ %	
2028	35,000	_____ %	_____ %	
2029	35,000	_____ %	_____ %	
2030	35,000	_____ %	_____ %	
2031	35,000	_____ %	_____ %	
2032	40,000	_____ %	_____ %	
2033	40,000	_____ %	_____ %	
2034	45,000	_____ %	_____ %	
2035	45,000	_____ %	_____ %	
2036	50,000	_____ %	_____ %	
2037	50,000	_____ %	_____ %	
2038	55,000	_____ %	_____ %	
2039	55,000	_____ %	_____ %	
2040	60,000	_____ %	_____ %	
2041	60,000	_____ %	_____ %	
2042	65,000	_____ %	_____ %	
2043	70,000	_____ %	_____ %	
2044	75,000	_____ %	_____ %	
2045	80,000	_____ %	_____ %	
2046	85,000	_____ %	_____ %	

[TERM BONDS]

<u>Stated Maturity September 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Price or Yield</u>	<u>CUSIP⁽¹⁾ Base: 31803Q</u>
2046	\$	_____ %	_____ %	]

(all plus accrued interest, if any)

* Subject to change.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2026 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2026 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SERIES 2026 BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2026 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SERIES 2026 BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE SERIES 2026 BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

\$1,060,000*
RURAL WATER DISTRICT NO. 1, FINNEY COUNTY, KANSAS
WATER UTILITY SYSTEM REVENUE BONDS
SERIES 2026

Kevin Flowers	Chairman
Luke West	Vice Chairman
Darrell Hemmert	Board Member
Joe Moss	Secretary
Broc Roth	Treasurer

OFFICE MANAGER/BOOKKEEPER

Kerri Ralston

DISTRICT COUNSEL

Logan Schultz, Esq.
Garden City, Kansas

AUDITOR

Hay, Rice & Associates, Chartered.
Liberal, Kansas

BOND COUNSEL

Gilmore & Bell, P.C.
Wichita, Kansas

FINANCIAL ADVISOR

Ranson Financial Group, LLC
Wichita, Kansas

UNDERWRITER

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 Series 2026 Bonds other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Preliminary Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Preliminary Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Series 2026 Bonds.

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\$1,060,000*
RURAL WATER DISTRICT NO. 1, FINNEY COUNTY, KANSAS
WATER UTILITY SYSTEM REVENUE BONDS
SERIES 2026

INTRODUCTION

General Matters

The purpose of this Preliminary Official Statement is to furnish information relating to Rural Water District No. 1, Finney County, Kansas (the "Issuer" or the "District"), the Issuer's Water Utility System (the "System") the Water Utility System Revenue Bonds, Series 2026 (the "Series 2026 Bonds"), of the Issuer, dated December 1, 2026 (the "Dated Date"), to be issued in the principal amount of \$1,060,000*.

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

The Issuer is a political subdivision duly organized and existing under the laws of the State of Kansas (the "State"). Additional information regarding the Issuer is contained in APPENDIX A to this Preliminary Official Statement.

The materials contained on the cover page, in the body and in the Appendices to this Official Statement are to be read in their entirety. All financial and other information presented herein has been compiled by Ranson Financial Group, LLC, financial advisor to the Issuer. Except for the information expressly attributed to other sources deemed to be reliable, 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. Except to the extent described under the section 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 – "Definitions."*

Continuing Disclosure

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. In connection with the issuance of the Series 2026 Bonds, the Issuer will enter into a continuing disclosure undertaking (the "Disclosure Undertaking") wherein the Issuer covenants to annually provide certain financial information and operating data (collectively the "Annual Report") and other information necessary to comply with the Rule, and to transmit the same to the MSRB. Pursuant to the Disclosure Undertaking, the Issuer has agreed to file its Annual Report with the national repository ("EMMA") not later than the first day of the twelfth month after the end of the Issuer's Fiscal Year, commencing with the year ending December 31, 2026. In the Bond Resolution, hereinafter defined, the Issuer covenants with the Underwriter and the Beneficial Owners to apply the provisions of the Disclosure Undertaking to the Series 2026 Bonds. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Series 2026 Bonds. For more information regarding the Disclosure Undertaking, see "APPENDIX D – Form of Continuing Disclosure Undertaking."

The Issuer has not been subject to any continuing disclosure requirements under the Rule in the past five years, so it has not filed any Annual Reports during that time period.

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 from Kerri Ralston, Office Manager/Bookkeeper, at P.O. Box 953, Garden City, KS 67846 or from Ranson Financial Group, LLC (the "Financial Advisor"), 200 W. Douglas, Suite 110, Wichita, Kansas 67202, Attention: Larry Kleeman, by phone (316) 264-3400 or e-mail (larry@citycode.com)

*Subject to change.

THE SERIES 2026 BONDS

Authority for the Series 2026 Bonds

The Series 2026 Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State, including K.S.A. 10-101 to 10-125, inclusive and, specifically K.S.A. 82a-612 *et seq.*, as amended and supplemented from time to time (the "Act"), and a resolution adopted by the governing body of the Issuer on October 13, 2026 (the "Bond Resolution").

Security for the Series 2026 Bonds

The Series 2026 Bonds shall be special obligations of the Issuer payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues derived by the Issuer from the operation of the System. **THE SERIES 2026 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE ISSUER, THE COUNTY OR ANY POLITICAL SUBDIVISION THEREOF, AND ARE NOT PAYABLE IN ANY MANNER FROM THE LEVY OF AD VALOREM TAXES.**

The Series 2026 Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues derived from the operation of the System and in all other respects with any Parity Bonds and Parity Obligations issued in the future.

The Issuer, in accordance with and subject to applicable legal requirements, will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to: (a) pay the Expenses of the System; (b) pay the Debt Service Requirements on the Bonds as and when the same become due at the Maturity thereof or on any Interest Payment Date; (c) enable the Issuer to have in each Fiscal Year, Net Revenues not less than 125% of Debt Service Requirements for such Fiscal Year on all Parity Bonds and Parity Obligations at the time Outstanding, and 110% of the Debt Service Requirements for such Fiscal Year on any Junior Lien Bonds; and (d) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in the Bond Resolution.

Description of the Series 2026 Bonds

The Series 2026 Bonds shall consist of fully registered bonds in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Bond Registrar shall determine. All of the Series 2026 Bonds shall be dated December 1, 2026, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the inside cover page of this Preliminary Official Statement. The Series 2026 Bonds shall bear interest (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

Designation of Paying Agent and Bond Registrar

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

Treasurer of the State of Kansas (the "Bond Registrar" and "Paying Agent") has been designated by the Issuer as paying agent for the payment of principal of and interest on the Series 2026 Bonds and bond registrar with respect to the registration, transfer and exchange of Series 2026 Bonds.

Method and Place of Payment of the Bonds

The principal of, or Redemption Price, and interest on the Series 2026 Bonds and any Additional Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

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

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

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE SERIES 2026 BONDS, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See “THE SERIES 2026 BONDS – Book-Entry Bonds; Securities Depository.”

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Bonds; Securities Depository

The Series 2026 Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Series 2026 Bonds, except in the event the Bond Registrar issues Replacement Bonds. It is anticipated that during the term of the Series 2026 Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Series 2026 Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraphs.

(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 Series 2026 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2026 Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interest in not less than 50% of the Series 2026 Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Series 2026 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2026 Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Series 2026 Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

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

applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Series 2026 Bond or Bonds for cancellation shall cause the delivery of the Series 2026 Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

Registration, Transfer and Exchange of Bonds

As long as any of the Series 2026 Bonds remain Outstanding, each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register. Bonds may be transferred and exchanged only on the Bond Register as hereinafter provided. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Series 2026 Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Nonpresentment of Bonds

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

Payments Due on Saturdays, Sundays and Holidays

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

Redemption Provisions

Optional Redemption. At the option of the Issuer, Series 2026 Bonds maturing on September 1, 2034 and thereafter will be subject to redemption and payment prior to their Stated Maturity on September 1, 2033, and thereafter as a whole or in part (selection of maturities and the amount of Series 2026 Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may

determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

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

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

*Final Maturity

[(b) 2026-2046 Term Bonds.]The 2026-2046 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on September 1 in each year, the following principal amounts of such 2046 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$	
	2046*

*Final Maturity]

Selection of Bonds to be Redeemed. Series 2026 Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Series 2026 Bonds are to be redeemed and paid prior to their Stated Maturity, such Series 2026 Bonds shall be redeemed in such manner as the Issuer shall determine, Series 2026 Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in minimum Authorized Denomination in such equitable manner as the Bond Registrar may determine. In the case of a partial redemption of Series 2026 Bonds by lot when Series 2026 Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Series 2026 Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination value represented by any Series 2026 Bond is selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Series 2026 Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such minimum Authorized Denomination value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Series 2026 Bond or Series 2026 Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Series 2026 Bond. If the Owner of any such Series 2026 Bond fails to present such Series 2026 Bond to the Paying Agent for payment and exchange as aforesaid, such Series 2026 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination value called for redemption (and to that extent only).

Notice and Effect of Call for Redemption. Unless waived by any Owner of Series 2026 Bonds to be redeemed, if the Issuer shall call any Series 2026 Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Series 2026 Bonds to the Bond Registrar and the Underwriter. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Series 2026 Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Series 2026 Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Series 2026 Bonds, the respective principal amounts) of the Series 2026 Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Series 2026 Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Series 2026 Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Series 2026 Bonds or portions of Series 2026 Bonds that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Series 2026 Bonds or portions of Series 2026 Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Series 2026 Bonds or portion of Bonds shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Series 2026 Bonds, the Bond Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2026 Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Series 2026 Bond so affected, shall not affect the validity of the redemption of such Series 2026 Bond.

In addition to the foregoing notice, the Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Series 2026 Bond.

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”, New York, New York, will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Series 2026 Bonds, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds 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 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the

alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

10. DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

THE PROJECT

Proceeds of the Series 2026 Bonds will be applied to: 1) permanently finance certain public water supply improvements (collectively, the "Improvements"); and 2) to pay costs of issuance associated with the issuance of the Series 2026 Bonds

SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds, including the proceeds from the sale of the Series 2026 Bonds (exclusive of accrued interest).

Sources of Funds:

Proceeds of the Series 2026 Bonds*	\$1,060,000.00
Issuer Cash	<u>500,000.00</u>
Total	\$

Uses of Funds:

Deposit to Project Construction Fund	\$
Bond Reserve	
Costs of issuance	
Underwriter's Discount	
Total	<u>\$</u>

*Subject to change.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE SERIES 2026 BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE SERIES 2026 BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2026 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2026 BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS PRELIMINARY 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 UNDERWRITER.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Series 2026 Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer.

Limitations on Remedies Available to Owners of Series 2026 Bonds

The enforceability of the rights and remedies of the owners of Series 2026 Bonds, and the obligations incurred by the Issuer in issuing the Series 2026 Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2026 Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Special Obligations

The Series 2026 Bonds are special, limited obligations of the Issuer. Neither the Series 2026 Bonds nor the interest thereon constitute a general obligation or indebtedness of, nor is the payment thereof guaranteed by the Issuer, or any governmental subdivision, agency or instrumentality. The Series 2026 Bonds are not payable in any manner from tax revenues.

Debt Service Source

The Series 2026 Bonds are payable solely from the Net Revenues of the Issuer arising out of or in connection with its interest in the System. While the future ability of the Issuer to meet its obligations under the Bond Resolution is based upon assumptions and business judgments which the Issuer believes are reasonable and appropriate, they are subject to conditions which may change in the future to an extent that presently cannot be determined. Thus, no assurance can be given that revenues will be realized by the Issuer in amounts sufficient to pay the principal of and interest on the Series 2026 Bonds as they become due.

Bond Reserve Account

Pursuant to the Bond Resolution, an amount equal to the Bond Reserve Requirement will be deposited in the Bond Reserve Account. Moneys in the Bond Reserve Account may be invested in Permitted Investments. Moneys, including such Permitted Investments, may be applied by the Issuer to prevent default in payment of the principal of and interest on the Parity Bonds in accordance with the Bond Resolution in the event funds on hand in the Debt Service Account are insufficient to provide funds for payments due on any Payment Date. In the event the Issuer is required to sell such Permitted Investments for such purpose, the price realized upon such sale may not equal the Bond Reserve Requirement.

In the event of a default by the Issuer under the Bond Resolution, moneys deposited in the Bond Reserve Account may, under certain circumstances and, ordinarily under the supervision of and under order of the courts, be applied for purposes other than payment of the Parity Bonds. Such purposes may include preservation of and security for the System, maintenance of insurance, payment of expenses incurred in attempting to operate the System and payment of other similar costs.

Water Supply

The District currently has sources of supply of water, which are adequate, in the opinion of the District's board of directors, to satisfy both present demand and that of the foreseeable future. If the District's present and anticipated future supplies of water should fail or be significantly diminished, whether through drought, depletion or pollution, the District has no assurance that it can procure alternate

sources at reasonable cost. Without its present and anticipated future water supply resources, the District would not be able to meet its debt obligations in the manner anticipated.

State and Federal Regulation

The rates, fees and charges for water service through the System as currently constructed and operated will be exempt from rate regulation by the Kansas Corporation Commission. The precise nature and extent future governmental regulation and the resulting impact of such regulation on the operation and profitability of the System cannot now be determined. The Issuer has covenanted in the Bond Resolution to comply with all such governmental regulation.

Taxation of Interest on the Series 2026 Bonds

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Series 2026 Bonds 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 Series 2026 Bonds includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Bond Resolution and in other documents and certificates to be delivered in connection with the issuance of the Series 2026 Bonds to comply with the provisions of the Code, including those which require the Issuer to take or omit to take certain actions after the issuance of the Series 2026 Bonds. Because the existence and continuation of the excludability of the interest on the Series 2026 Bonds depends upon events occurring after the date of issuance of the Series 2026 Bonds, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the Issuer with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Series 2026 Bonds in the event of noncompliance with such provisions. The failure of the Issuer to comply with the provisions described above may cause the interest on the Series 2026 Bonds to become includable in gross income as of the date of issuance.

Market for the Series 2026 Bonds

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Series 2026 Bonds. It is the present practice of the Underwriter, however, to make a secondary market as dealers in issues of municipal bonds which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Series 2026 Bonds, but is not obligated to do so. The absence of continuing disclosure of financial or other information pertaining to the Issuer may impair the development of a secondary market for the Series 2026 Bonds and could impair the ability of an owner to sell the Series 2026 Bonds in the secondary market. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in the Series 2026 Bonds as a result of the financial condition or market position of the Underwriter, 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 Series 2026 Bonds are in default as to principal and interest payments, and other factors which in the opinion of the Underwriter may give rise to uncertainty concerning prudent secondary market practices.

Premium on Series 2026 Bonds

[The initial offering prices of the Series 2026 Bonds that are subject to optional redemption are in excess of the respective principal amounts thereof.] Any person who purchases a Series 2026 Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Series 2026 Bonds are subject to redemption at par under the various circumstances described under "THE SERIES 2026 BONDS – Redemption Provisions."

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Bond Resolution does not provide for the payment of additional interest or penalty on the Series 2026 Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Bond Resolution does not provide for the payment of any additional interest or penalty on the Series 2026 Bonds if the interest thereon becomes includable in gross income for Kansas income tax purposes.

Suitability of Investment

An investment in the Series 2026 Bonds involves a certain degree of risk. The interest rate borne by the Series 2026 Bonds (as compared to prevailing interest rates on more secure tax exempt bonds such as those which constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of risk. Furthermore, the tax exempt feature of the Series 2026 Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this

Preliminary Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Series 2026 Bonds are an appropriate investment.

NO REPRESENTATION OR ASSURANCE CAN BE MADE OR GIVEN THAT REVENUES WILL BE REALIZED BY THE ISSUER IN AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2026 BONDS. THE FOREGOING 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 SERIES 2026 BONDS.

Cybersecurity Risks

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

Natural Disasters or Terrorist Attacks

The occurrence of a terrorist attack in the Issuer or on the System, 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 finances of the Issuer and the System 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 or the System, including but not limited to the payment of debt service on any of its outstanding debt obligations.

Prospective purchasers of the Series 2026 Bonds should analyze carefully the information contained in this Preliminary 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 prior to the sale of the Series 2026 Bonds, and thereafter, from the Underwriter.

BOND RATING

The Series 2026 Bonds are not rated and no application for independent rating on the Series 2026 Bonds has been made.

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 Series 2026 Bonds or the validity of said Series 2026 Bonds, or any of the proceedings in relation to the authorization, issuance or sale thereof, or the pledging of the revenues of the System to pay the principal of and interest thereon.

LEGAL MATTERS

Approval of Bonds

All matters incident to the authorization and issuance of the Series 2026 Bonds are subject to the approving opinion of Gilmore & Bell, P.C., Wichita, Kansas ("Bond Counsel"). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has not participated in the preparation of the information contained in this Preliminary Official Statement except for the matters appearing in the sections captioned "THE SERIES 2026 BONDS," "LEGAL MATTERS," "TAX MATTERS," and "**APPENDIX C - SUMMARY OF FINANCING DOCUMENTS.**" Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Series 2026 Bonds. Certain legal matters have been passed on for the Issuer by Logan Schultz, Esq. An original approving opinion will be delivered at closing to the Underwriter of the Series 2026 Bonds.

TAX MATTERS

General

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series 2026 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2026 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2026 Bonds in the secondary market at a premium or a discount. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2026 Bonds.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the issue date of the Series 2026 Bonds:

Federal Tax Exemption. The interest on the Series 2026 Bonds [(including any original issue discount properly allocable to an owner thereof)] is excluded from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the Series 2026 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2026 Bonds are “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3).

Kansas Tax Exemption. The interest on the Series 2026 Bonds is exempt from income taxation by the State.

No Other Opinions. Bond Counsel’s opinions are provided as of the date of the original issue of the Series 2026 Bonds, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2026 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2026 Bonds.

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2026 Bond over its issue price. The stated redemption price at maturity of a Series 2026 Bond is the sum of all payments on the Series 2026 Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Bond is generally the first price at which a substantial amount of the Series 2026 Bonds of that maturity have been sold to the public. Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2026 Bond during any accrual period generally equals (1) the issue price of that Series 2026 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2026 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2026 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2026 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount, if any.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2026 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2026 Bond is the sum of all payments on the Series 2026 Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Bond is generally the first price at which a substantial amount of the Series 2026 Bonds of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Series 2026 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2026 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale

or disposition of the Series 2026 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium, if any.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2026 Bond, an owner of the Series 2026 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2026 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2026 Bond. To the extent the Series 2026 Bonds are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2026 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Series 2026 Bonds, and to the proceeds paid on the sale of Series 2026 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2026 Bonds should be aware that ownership of the Series 2026 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2026 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2026 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2026 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

FINANCIAL ADVISOR

Ranson Financial Group, LLC, Wichita, Kansas serves as Financial Advisor ("Financial Advisor") to the Issuer. 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 participated in the preparation of this Preliminary Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the Issuer for the purpose of passing upon the accuracy or completeness of this Preliminary Official Statement. The Financial Advisor's fee is contingent upon the actual issuance and delivery of the Series 2026 Bonds. The Financial Advisor will not participate in the underwriting or marketing of the Series 2026 Bonds.

UNDERWRITING

The Series 2026 Bonds have been sold at public sale by the Issuer to [] (the "Underwriter") on the basis of lowest true interest cost. [] bids were received by the Issuer. The Underwriter has agreed, subject to certain conditions, to purchase the Series 2026 Bonds at a price equal to the principal amount of the Series 2026 Bonds[, plus a premium of \$][, less an underwriting discount of \$], plus accrued interest to the date of closing.

The Series 2026 Bonds will be offered to the public initially at the prices determined to produce the yield to maturity set forth on the inside cover page of this Preliminary Official Statement. The Underwriter may offer and sell the Series 2026 Bonds to certain dealers (including dealers depositing the Series 2026 Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Series 2026 Bonds 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.

**RURAL WATER DISTRICT NO. 1,
FINNEY COUNTY, KANSAS**

By: _____
Kevin Flowers, Chairman

APPENDIX A

INFORMATION CONCERNING THE ISSUER

DESCRIPTION OF THE SYSTEM

Organization

Rural Water District No. 1, Finney County, Kansas (the “Issuer” and “District”) was organized by the adoption of its original By-Laws and rules and Regulations in 1995. Rural Water District No. 1, Finney County, serves approximately 638 customers in Finney County.

The System

The Issuer’s water distribution system (the “System”) was originally constructed in 1998-1999. The System consists of approximately 36 miles of water transmission lines and other appurtenances necessary to deliver water service to its customers. The Issuer uses certain facilities that are owned and operated by Wheatland Electric Cooperative (“Wheatland”) in order to meet the supply needs of its customers. Wheatland also uses certain facilities that are owned and operated by the Issuer. The Issuer and Wheatland each have an agreement that reimburses each entity for the use of the specific facilities by the other entity.

Operation and Management

The Issuer is governed by a five-member Board of Directors (the “Board”). The Issuer also employs one administrative employee and contracts operating and maintenance staff to provide professional financial, administrative and operations management services. Present officers and officials of the Issuer are:

<u>Officers and Board Members</u>		<u>Term Expires</u>
Chairman	Kevin Flowers	2028
Vice Chairman	Luke West	2029
Board Member	Darrell Hemmert	2029
Secretary	Joe Moss	2028
Treasurer	Broc Roth	2028
<u>Administrative and Operating Staff</u>		
Administrative Manager	Kerri Ralston	N/A
Auditor	Hay, Rice & Associates, Chartered.	N/A
Issuer’s Counsel	Logan Schultz, Esq.	N/A

Sources of Water Supply

The Issuer purchases water from Wheatland Electric Cooperative.

Number of Customers

<u>Year</u>	<u>Customers</u>
2025	617
2024	617
2023	608
2022	605
2021	595

Rate Structure

The Issuer’s current rate structure is as follows:

Minimum Charge	\$55.00
All Usage	\$3.50/ 1,000 gallons
Bulk Water	\$15.00/ 1,000 gallons

The current rate structure shown above has been in effect since August 2013. Prior to the implementation of the current rate structure, the Issuer’s last rate increase took place in 2008.

On October 13, 2026, the Issuer approved rate increases to prepare for the Series 2026 Bond issuance. The following table details the rate structure for 2027 through 2030.

	2027	2028	2029	2030
Minimum Charge	\$66.00	\$67.98	\$70.02	\$72.12
All Usage	\$4.24/ 1,000 gallons	\$4.37/ 1,000 gallons	\$4.50/ 1,000 gallons	\$4.63/ 1,000 gallons
Bulk Water	\$12.00/ 1,000 gallons	\$12.36/ 1,000 gallons	\$12.73/ 1,000 gallons	\$13.11/ 1,000 gallons

Sales History

A five-year history of water pumped and sold for the time period listed is shown below:

<u>Year</u>	<u>Gallons Pumped/ Purchased</u>	<u>Gallons Sold</u>	<u>Gallons Flushed</u>	<u>Lost and Unaccounted for Water</u>	<u>% Loss</u>
2025	91,713,000	90,080,000	370,000	1,263,000	1.38%
2024	97,614,000	95,314,000	927,000	1,373,000	1.41%
2023	93,884,000	90,772,000	1,050,000	2,062,000	2.20%
2022	94,209,000	91,383,000	449,000	2,377,000	2.52%
2021	91,365,000	82,973,000	490,000	7,902,000	8.65%

INDEBTEDNESS OF THE ISSUER

Revenue Bonds (As of December 1, 2026)

<u>Issue</u>	<u>Series</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Water Util Sys Rev Bonds ⁽¹⁾	2017	10/25/2017	10/01/2037	\$ 400,000	\$ 0
Water Util Sys Rev Bonds ⁽²⁾	2026	12/01/2026	09/01/2046	1,060,000	<u>1,060,000</u>
TOTAL					<u>\$1,060,000</u>

⁽¹⁾ Issue being redeemed from Issuer cash on November 25, 2026.

⁽²⁾ This issue and subject to change.

Loan Obligations

As of December 1, 2026, the Issuer had no loan obligations outstanding.

Debt Payment Record

The Issuer has never been delinquent in any payment of its debt agreements.

Future Indebtedness

The Issuer has no plans to issue any additional debt at this time.

GENERAL INFORMATION CONCERNING THE ISSUER

Population Trends

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

<u>Year</u>	<u>Population</u>
2025	37,505
2024	38,354
2023	37,466
2022	37,650
2020	38,470
2010	36,776

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

Labor Force

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

FINNEY COUNTY

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2025	21,312	20,685	627	2.9%
2024	20,877	20,291	586	2.8%
2023	20,564	20,139	425	2.1%
2022	20,483	20,058	425	2.1%
2021	20,305	19,877	428	2.1%

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%

Currently, the Kansas Department of Labor estimates an unemployment rate of 3.6% for the County and 4.4% for the State of Kansas for the month of August 2026.

Source: Kansas Department of Labor

Retail Sales Tax Collections

The following table lists Finney County's state sales tax collections for the years indicated:

<u>Year</u>	<u>Sales Tax Collections</u>	<u>Per Capita Sales Tax</u>
2025	\$65,626,876	\$1,799.07
2024	69,655,916	1,829.80
2023	71,005,309	1,940.63
2022	73,803,164	2,095.81
2021	75,312,684	1,642.55

Source: Kansas Statistical Abstract

The statewide sales and use tax is 6.50%, effective July 1, 2015. Starting January 1, 2023, the state sales and use tax rate for food items was reduced from 6.5% to 4.0%, lowered to 2% in 2024, and 0% as of January 1, 2025.

Oil Production

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

<u>Year</u>	<u>Oil Production</u>
2025	1,499,294
2024	1,612,298
2023	1,394,885
2022	1,347,273
2021	1,373,644

Source: Kansas Geological Survey

Financial and Banking Institutions

There are currently nine banks, with 14 different branch locations, located in Finney County. During a five-year period, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2026	\$1,149,501
2025	1,127,000
2024	968,709
2023	907,183
2022	945,802

Source: FDIC

Personal Income Trends

Finney County personal and per capita income and State of Kansas per capita income are listed for the years indicated, in the following table

<u>Year</u>	<u>Finney County Personal Income (\$000)</u>	<u>Finney County Per Capita Income</u>	<u>State of Kansas Per Capita Income</u>
2024	\$2,104,375	\$54,867	\$65,856
2023	1,983,921	52,953	66,115
2022	1,869,130	49,645	60,424
2021	1,810,941	47,523	58,924
2020	1,684,480	46,899	56,099

Source: U.S. Bureau of Economic Analysis

HISTORICAL FINANCIAL INFORMATION CONCERNING THE SYSTEM Revenues and Expenditures derived from Audited Financial Statements For the Fiscal Years Ended December 31, 2022 – 2025

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
OPERATING REVENUE				
Water Sales	\$701,135	\$721,693	\$731,400	\$731,001
Benefit Unit	14,000	19,000	29,000	10,000
Interest Income	10,010	32,093	55,408	60,740
Miscellaneous income	110,617	110,746	199,324	139,518
TOTAL OPERATING REVENUES	\$835,762	\$883,532	\$1,015,132	\$941,259
OPERATING EXPENSES				
Operations and maintenance	\$571,650	\$608,129	\$595,215	\$569,144
Administrative and office	181,841	209,560	226,591	288,253
TOTAL EXPENSES (excluding Debt Service)	\$753,491	\$817,689	\$821,806	\$857,397
REVENUES AVAILABLE FOR DEBT SERVICE				
Net Revenues Available for Debt Service	\$82,271	\$65,843	\$193,326	\$83,862
DEBT SERVICE	\$29,712	\$29,187	\$28,663	\$28,183
DEBT SERVICE COVERAGE RATIO	2.769	2.256	6.745	2.976

(This presentation of financial information has NOT been reviewed by any Independent Certified Public Accountants)

SUMMARY OF FINANCIAL INFORMATION OF THE SYSTEM
Pro-forma Statements of Revenues and Expenditures
For the Fiscal Years Ended December 31, 2027 – 2030

	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
OPERATING REVENUE				
Water Sales	\$892,509	\$922,771	\$954,062	\$986,415
Benefit Unit	10,000	10,000	10,000	10,000
Interest Income	32,093	32,093	32,093	32,093
Miscellaneous income	110,746	110,746	110,746	110,746
TOTAL OPERATING REVENUES	\$1,045,348	\$1,075,610	\$1,106,901	\$1,139,254
OPERATING EXPENSES				
Operations and maintenance	\$615,606	\$636,833	\$658,792	\$681,507
Administrative and office	305,808	314,982	324,431	334,164
TOTAL EXPENDITURES (excluding Debt Service)	\$921,414	\$951,815	\$983,223	\$1,015,672
Revenue Over (Under) Expense	\$123,935	\$123,796	\$123,678	\$123,582
REVENUES AVAILABLE FOR DEBT SERVICE				
Net Revenues Available for Debt Service	\$123,935	\$123,796	\$123,678	\$123,582
DEBT SERVICE	\$85,931	\$84,710	\$83,464	\$87,179
DEBT SERVICE COVERAGE RATIO	1.442	1.461	1.481	1.418
Approved Rate Increase	20.00%	3.00%	3.00%	3.00%

Assumptions:

Water sales were based off the rate increases approved by the Issuer.

Revenues were based off the lower between amount in 2025 and average from 2021-2025, and forecasted to remain flat

Debt service and interest expense were not forecasted to continue as the Issuer retires the 2017 Bonds

All other expenses were increased at rate of 3% a year from a base of the higher of the average from 2021 through 2025 or 2025

(This presentation of financial information has NOT been reviewed by any Independent Certified Public Accountant. The Pro Forma is based upon assumptions of future economic activity which may or may not happen and should not be relied upon as a statement of fact.)

APPENDIX B

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

BASIC FINANCIAL STATEMENTS
December 31, 2025

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

BASIC FINANCIAL STATEMENTS
For the year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Finney County Rural Water District #1
Garden City, Kansas

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Finney County Rural Water District #1, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Finney County Rural Water District #1, as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Statements section of our report. We are required to be independent of the Finney County Rural Water District #1, 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Finney County Rural Water District #1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 District'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 statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

Required Supplementary Information

Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Finney County Rural Water District #1 basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

July 17, 2026

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

Statement 1

BALANCE SHEET/STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2025

	<u>General Fund</u>	<u>Customer Deposits</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS				
<u>Current Assets</u>				
Cash	\$1,318,046	\$125,198	\$ -	\$1,443,244
Accounts receivable	-	-	27,269	27,269
Prepaid expenses	-	-	14,862	14,862
Total current assets	<u>\$1,318,046</u>	<u>\$125,198</u>	<u>\$ 42,131</u>	<u>\$1,485,375</u>
<u>Noncurrent Assets</u>				
Intangibles and other assets	-	-	\$ 3,769	\$ 3,769
Capital assets (net of accumulated depreciation)	-	-	645,606	645,606
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>\$ 649,375</u>	<u>\$ 649,375</u>
Total Assets	<u>\$1,318,046</u>	<u>\$125,198</u>	<u>\$ 691,506</u>	<u>\$2,134,750</u>
LIABILITIES				
<u>Current Liabilities</u>				
Accounts payable	\$ 41,771	\$125,198	\$ -	\$ 166,969
Accrued expenses	5,561	-	9,318	14,879
Accrued compensated absences	-	-	1,308	1,308
Total current liabilities	<u>\$ 47,332</u>	<u>\$125,198</u>	<u>\$ 10,626</u>	<u>\$ 183,156</u>
<u>Long-Term Debt, less current</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total liabilities	<u>\$ 47,332</u>	<u>\$125,198</u>	<u>\$ 310,626</u>	<u>\$ 483,156</u>
FUND BALANCES				
Assigned for benefit units	\$ 409,075	-	\$ (409,075)	-
Unassigned, reported in:				
General Fund (deficit)	861,639	-	(861,639)	-
Total fund balances	<u>\$1,270,714</u>	<u>-</u>	<u>\$ (1,270,714)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$1,318,046</u>	<u>\$125,198</u>		
<u>Net Position</u>				
Net investment in capital assets			\$ 340,057	\$ 340,057
Unrestricted			40,823	1,311,537
Total Net Position (deficit)			<u>\$ 380,880</u>	<u>\$1,651,594</u>

The accompanying notes are an integral part of these financial statements.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

Statement 2

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

For the year ended December 31, 2025

	<u>General Fund</u>	<u>Customer Deposits</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>Revenues</u>				
Program Revenues:				
Water sales	\$ 731,001	-	\$ (2,142)	\$ 728,859
Benefit unit sales	10,000	-	-	10,000
General Revenues:				
Interest income	60,740	-	-	60,740
Miscellaneous income	139,518	-	-	139,518
Total revenues	<u>\$ 941,259</u>	<u>-</u>	<u>\$ (2,142)</u>	<u>\$ 939,117</u>
<u>Expenditures/Expenses</u>				
Office expenses	\$ 97,487	-	\$ -	\$ 97,487
Administrative services	131,456	-	2,187	133,643
Maintenance and service	88,141	-	(2,669)	85,472
Professional services	24,406	-	-	24,406
Distribution expense	481,003	-	(86,944)	394,059
Taxes	34,904	-	-	34,904
Depreciation and amortization	-	-	55,167	55,167
Debt service	15,000	-	(15,000)	-
Interest expense	13,183	-	(122)	13,061
Total expenditures/expenses	<u>\$ 885,580</u>	<u>-</u>	<u>\$ (47,381)</u>	<u>\$ 838,199</u>
Net revenues (expenses)			\$ 45,239	\$ 100,918
Revenues over (under) expenditures	\$ 55,679	-		
Fund Balance/Net Position:				
Beginning of year	1,215,035	-	335,641	1,550,676
End of year	<u>\$1,270,714</u>	<u>-</u>	<u>\$ 380,880</u>	<u>\$1,651,594</u>

The accompanying notes are an integral part of these financial statements.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

Statement 3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2025

	<u>Budgeted</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Water sales	\$ 840,000	\$ 840,000	\$ 731,001	\$ (108,999)
Benefit unit sales	10,000	10,000	10,000	-
Interest income	30,000	30,000	60,740	30,740
Miscellaneous income	<u>155,000</u>	<u>155,000</u>	<u>139,518</u>	<u>(15,482)</u>
Total revenues	<u>\$1,035,000</u>	<u>\$1,035,000</u>	<u>\$ 941,259</u>	<u>\$ (93,741)</u>
<u>Expenditures</u>				
Operations and maintenance	\$ 601,600	\$ 601,600	\$ 569,144	\$ 32,456
Administrative and office	125,200	125,200	288,253	(163,053)
Debt service	30,000	30,000	15,000	15,000
Interest expense	15,000	15,000	13,183	1,817
Miscellaneous expense	<u>105,000</u>	<u>105,000</u>	<u>-</u>	<u>105,000</u>
Total expenditures	<u>\$ 876,800</u>	<u>\$ 876,800</u>	<u>\$ 885,580</u>	<u>\$ (8,780)</u>
Revenues over (under) expenditures	\$ 158,200	\$ 158,200	\$ 55,679	\$ (102,521)
Fund Balance, Beginning of year	<u>1,050,372</u>	<u>1,050,372</u>	<u>1,215,035</u>	<u>164,663</u>
Fund Balance, End of year	<u>\$1,208,572</u>	<u>\$1,208,572</u>	<u>\$1,270,714</u>	<u>\$ 62,142</u>

The accompanying notes are an integral part of these financial statements.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2025

Note 1: Summary of Significant Accounting Policies

The Finney County Rural Water District #1, Finney County, Kansas (the District) was incorporated under the provisions of the State of Kansas. The District operates under a five member Board. The District provides the services authorized by its charter including water utility operations in Finney County, Kansas. The District contracts with Wheatland Electric Cooperative, Inc. for assistance with billing and maintenance. The services provided to the District by the Cooperative comprise a significant portion of the District's annual expenditures.

The scope of the entity for financial reporting purposes is defined as those funds for which the District has oversight responsibility and is primarily accountable. Oversight responsibility includes fiscal management responsibility which is control of the collection and disbursement of funds. These financial statements include all funds and account groups administered by the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Municipal Financial Reporting Entity

The District is governed by an elected Board. As required by accounting principles generally accepted in the United States of America as applied to government units, these financial statements present the Finney County Rural Water District #1, Finney County, Kansas (the municipality).

The District has no organizations, functions or activities which are considered related municipal entities of the District.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont.)

The District reports the following major governmental funds:

General Fund – the General Fund is the District’s primary operating fund. It accounts for all financial transactions of the general government, except those required to be accounted for in another fund.

The District reports the following nonmajor governmental funds:

Customer Deposits Fund – The Customer Deposits Fund is used to track security deposits paid by and owed to customers of the District.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the Board. Cash includes amounts in demand deposits. Investments of the pooled accounts consist of certificates of deposits and money market investments backed by U.S. government securities. Interest income earned is allocated among funds in accordance with the adopted budget.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Deposits and Investments (Continued)

State statutes authorize the District to invest idle funds in U.S. government securities, temporary notes, no-fund warrants, repurchase agreements and the Kansas Municipal Investment Pool. The Kansas Municipal Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the investment in the Kansas Municipal Investment Pool is the same as the fair value of its pool shares. Other investments of the Commission are stated at fair value, which equals cost. The District had no investments at December 31, 2025.

Receivables and Payables

All trade receivables are considered to be fully collectible; accordingly, no allowance for uncollectible accounts is required. If amounts become uncollectible, an allowance will be established.

Inventories and Prepaid Items

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

The District records certain payments to vendors that reflect costs applicable to future accounting periods as prepaid items in its financial statement.

Intangibles and Other Assets

Intangibles and other assets consist of cash held in reserve and the capitalized loan origination fees along with the accumulated amortization associated with the Kansas Public Water Supply loan.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. well, pipes and similar items), and intangible assets (e.g., water rights), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All such assets that are purchased or constructed are valued at cost. Donated capital assets are recorded at their estimated fair market value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District is depreciated/amortized using the straight-line method, over the following estimated useful lives:

Buildings	40 years
Infrastructure	20 years
Water rights	20 years
Office equipment	5-7 years
Equipment	3-7 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or those that are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans, which are subject to change.

Net Position

In the government-wide financial statements, net position of the District is classified in three components. *Net investment in capital assets* consist of property and equipment net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is non-capital net position that must be used for a particular purpose, as specified by creditors, grantors, contributors, or laws or regulations. *Unrestricted net position* is remaining net position that does not meet the definition of *net investment in capital assets*.

E. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

E. Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue. No amendments to the original budget were approved by the governing body.

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when measurable and available. Expenditures include disbursements, accounts payable, and encumbrances. Disbursements are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for certain special purpose funds and capital projects funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body. Special purpose funds of the District controlled by spending limits established by the governing body include the Customer Deposits fund.

F. Compensated Absences

Paid time off (PTO) has been provided to full time employees of the District. PTO accrues at the rate of 120 hours per year. Of that 120 hours, up to 30 hours may be carried over to use in a future year. Any unused PTO is eligible to be paid to any employee who leaves employment with the District with proper notice and in good standing. The amount accrued as of December 31, 2025 is \$1,308.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 2: Stewardship, Compliance and Accountability

A. Excess of Expenditures over Appropriations

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. Management is not aware of any statutory violations.

B. Budgetary Compliance – Government Funds

The District prepares its annual budget on a non-GAAP basis of accounting as described in Note 1, item E. A reconciliation of these budgetary basis statements to the GAAP statements is as follows:

	<u>General</u>
	<u>Fund</u>
Revenues (budgetary basis)	\$ 941,259
Adjustments for accrued revenues	<u>(2,142)</u>
Revenues (GAAP basis)	<u>\$ 939,117</u>
 Expenditures (budgetary basis)	 \$ 885,580
Debt service	(15,000)
Depreciation and amortization	55,167
Adjustment for payables and capital expenditures	<u>(88,856)</u>
Expenditures (GAAP basis)	<u>\$ 836,891</u>

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

A reconciliation of cash and investments as shown in the composition of cash on the summary of cash receipts, expenditures and unencumbered cash on Statement 1 is as follows:

Cash on hand	\$ 500
Carrying amount of deposits	<u>1,442,744</u>
Total cash	<u>\$1,443,244</u>

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 3: Detailed Notes on All Funds (Continued)

A. Deposits and Investments (Continued)

Deposits

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

K.S.A. 12-1675 limits the District'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 District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use designated "peak periods".

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 3: Detailed Notes on All Funds (Continued)

A. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits (Continued)

At December 31, 2025, the District's carrying amount of deposits was \$1,442,744 and the bank balance was \$1,445,966. Of the balance, \$1,445,966 was covered by federal depository insurance.

Custodial Credit Risk – Investments

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

B. Receivables

Receivables as of year-end for the District's individual major fund, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>
Receivables:	
Customer	\$ <u>27,269</u>

C. Capital Assets

Capital asset activity for the District for the year ended December 31, 2025 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u> <u>Balance</u>
Capital Assets being Depreciated:				
Water distribution	\$3,739,603	\$ -	-	\$3,739,603

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Less</u> – Accumulated Depreciation:				
Water distribution	<u>3,158,381</u>	<u>53,917</u>	<u>-</u>	<u>3,212,298</u>
Total Capital Assets being Depreciated, Net	\$ 581,222	\$ (53,917)	-	\$ 527,305
Capital Assets not being Depreciated	<u>31,508</u>	<u>86,793</u>	<u>-</u>	<u>118,301</u>
Total Capital Assets, net	<u>\$ 612,730</u>	<u>\$ 32,876</u>	<u>-</u>	<u>\$ 645,606</u>

Depreciation expense of \$53,917 was charged to the District at December 31, 2025.

D. Long-Term Debt

Loans

The District issued loans where the District's pledged income derived from the fees and charges to users of the related assets to pay the debt service. The original principal amount of revenue bonds and loans issued in prior years was \$1,245,000. Loans outstanding at year-end are as follows:

	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Outstanding Interest Rates</u>	<u>Balance</u>
Loans Payable:				
2017 Revenue Bonds	2017	2038	Variable	\$300,000

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 3: Detailed Notes on All Funds (Continued)

D. Long-Term Debt (Continued)

Loans (Continued)

The annual requirements to amortize the loans outstanding at December 31, 2025, including interest payments, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 12,688	\$ 12,688
2027	-	12,688	12,688
2028	-	12,687	12,687
2029	80,000	12,687	92,687
2030	-	9,488	9,488
2031-2035	110,000	42,763	152,763
2036-2038	<u>110,000</u>	<u>14,437</u>	<u>124,437</u>
Total	<u>\$300,000</u>	<u>\$117,438</u>	<u>\$417,438</u>

Loan Covenants

There are a number of limitations and restrictions contained in the loan agreements. The District appears to be in compliance with all significant limitations and restrictions as of December 31, 2025.

The schedule of insurance required by the loan agreement is included in the Supplemental Schedules.

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the District for the year ended December 31, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Loans	<u>\$315,000</u>	<u>-</u>	<u>\$ 15,000</u>	<u>\$300,000</u>	<u>-</u>

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 3: Detailed Notes on All Funds (Continued)

E. Commitments and Contingencies

On August 23, 2003, the District entered into an agreement with Wheatland Electric Cooperative, Inc. Wheatland Electric Cooperative, Inc. leased the rural water system for a term of five years and was given full operational control to operate and manage the rural water system during this period. A lease payment of \$1 was paid to the District by Wheatland Electric Cooperative, Inc. as consideration under the lease agreement. In November 2004, the lease was extended to fifteen years to coincide with the loan payment schedule.

On December 26, 2008, the District amended the agreement with Wheatland Electric Cooperative, Inc. Under the new agreement the District pays Wheatland Electric Cooperative, Inc. \$109,309 annually for the use of Wheatland Electric Cooperative, Inc.'s infrastructure. In addition, Wheatland Electric Cooperative, Inc. pays the District \$15,957 annually for the use of the District's infrastructure. The payments began in 2009 for a one year term with annual renewals allowed.

On April 12, 2011, the District entered into a water purchase agreement with Wheatland Electric Cooperative, Inc. for a term of ten years from the date of the agreement. The District is to pay Wheatland for water received at the rate of \$1.21 per thousand gallons and any attendant water user taxes or fees imposed or assessed by any regulatory agency against Wheatland as a result of its sale of water to the District.

Note 4: Other Information

A. Compliance with Kansas Statutes

References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and the legal representative of the District. No material violations were noted.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

(Continued)

Note 4: Other Information (Continued)

B. Risk Management

The District 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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past four years.

Note 5: Leases

The District has no lease activity as a lessee subject to GASB Statement No. 87, *Leases*.

The District has one lease as the lessor. The District rents 5,176 square feet of the building it owns and occupies. The initial lease term was for two years and is renewable for two years at a time. The current lease term expired on April 30, 2025, and was renewed for two years ending on April 30, 2027. The amount of rent was \$2,553.49 per month until May 1, 2025 and \$3,319.54 per month after May 1, 2025. The lease also calls for the lessee to reimburse the District for 79% of the cost of utilities for the building. The District recognized \$40,090 of rent income and \$8,152 of utility reimbursement for the year ended December 31, 2025.

Note 6: Subsequent Events

The District's management has evaluated events and transactions through July 17, 2026, the date which the financial statements were available to be issued.

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

SUPPLEMENTARY INFORMATION
December 31, 2025

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

Schedule 1

SCHEDULE OF INSURANCE
December 31, 2025

<u>Type of Insurance</u>	<u>Expiration Date</u>	<u>Insured Amount</u>
Commercial Property: Building, standpipe and related equipment	4/11/2026	\$ 3,120,319
General Liability	4/11/2026	1,000,000/3,000,000
Public Officials	4/11/2026	1,000,000/3,000,000
Auto	4/11/2026	1,000,000
Cyber	4/11/2026	250,000
Workers Compensation	4/11/2026	1,000,000

FINNEY COUNTY RURAL WATER DISTRICT #1
Garden City, Kansas

Schedule 2

SCHEDULE OF MEMBERS' EQUITY
For the year ended December 31, 2025

Members' equity consists of benefit units sold to users in the District, which are not refundable.
A reconciliation of members' equity is as follows:

	<u>Benefit Units Received</u>
Balance, Beginning of year	\$399,075
Benefit units sold	<u>10,000</u>
Balance, End of year	<u>\$409,075</u>

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

The following is a summary of certain provisions and covenants contained in the Bond Resolution authorizing the Series 2026 Bonds. Such summary does not purport to be complete and is qualified in its entirety by reference to the foregoing document.

THE BOND RESOLUTION

DEFINITIONS

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used herein shall have the following meanings:

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 82a-612 *et seq.*, all as amended and supplemented from time to time.

“Additional Bonds” means any bonds secured by the Revenues hereafter issued pursuant to the Bond Resolution.

“Additional Obligations” means any leases or other obligations of the Issuer payable from the Revenues, other than the Bonds.

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

“Balloon Indebtedness” means Long-Term Indebtedness, 25% or more of the original principal amount of which becomes due (either by maturity or mandatory redemption) during any consecutive twelve-month period, if such principal amount becoming due is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such twelve-month period.

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

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

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

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

“Bond Registrar” means: (a) with respect to the Series 2026 Bonds, the State Treasurer, and its successors and assigns; and (b) with respect to Additional Bonds, the entity designated as Bond Registrar in the supplemental resolution authorizing such Additional Bonds.

“Debt Service Reserve Account” means the Debt Service Reserve Account for Water Utility System Parity Bonds.

“Debt Service Reserve Requirement” means the amount equal to the least of: (a) the aggregate of 10% of the stated principal amount of each Series of Parity Bonds, (b) the Maximum Annual Debt Service Requirements for all Parity Bonds during any Fiscal Year, or (c) 125% of the average annual Debt Service Requirements for the Bonds and all Parity Bonds over the term of the Bonds and all Parity Bonds. If the aggregate initial offering price of any series of Bonds to the public is less than 98% or more than 102% of par, such offering price shall be used in clause (a) in lieu of the stated principal amount. When calculating the Debt Service Reserve Requirement in conjunction with the issuance of the Bonds issued to refund Parity Bonds, the principal amount of the refunded bonds shall be deducted from said calculations.

“Bond Resolution” means collectively the Bond Resolutions relating to the Series 2026 Bonds and any supplemental resolution authorizing any Additional Bonds.

“Bonds” means collectively the Series 2026 Bonds and any Additional Bonds.

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

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

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

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

“Consultant” means the Consulting Engineer, the Independent Accountant, or an independent consultant qualified and having a favorable reputation for skill and experience in financial affairs selected by the Issuer for the purpose of carrying out the duties imposed on the Consultant by the Bond Resolution.

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

“Costs of Issuance” means all costs of issuing any series of Bonds, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving financial ratings on any series of Bonds, and any premiums or expenses incurred in obtaining any credit enhancement.

“Costs of Issuance Account” means the Costs of Issuance Account for Water Utility System Revenue Bonds, Series 2026.

“Dated Date” means December 1, 2026.

“Debt Service Account” means the Debt Service Account for Water Utility System Revenue Bonds, Series 2026.

“Debt Service Coverage Ratio” means, for any Fiscal Year: (a) with respect to the rate covenants, the ratio determined by dividing (i) a numerator equal to the Net Revenues for such Fiscal Year by (ii) a denominator equal to the Debt Service Requirements for such Fiscal Year; and (b) with respect to Additional Bonds and Additional Obligations, the ratio determined by dividing (i) a numerator equal to the Net Revenues for such Fiscal Year by (ii) a denominator equal to the average annual Debt Service Requirements on all System Indebtedness; provided that with respect to Additional Bonds that are proposed to be Parity Bonds, Debt Service Requirements on Junior Lien Obligations shall be disregarded.

“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 System Indebtedness for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

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

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

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

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

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

“Discount Indebtedness” means Long-Term Indebtedness that is originally sold at a price (excluding accrued interest, but without deduction of any underwriters' discount) of less than 75% of the maturity amount including the amount of principal and interest to accrete at maturity of such Long-Term Indebtedness.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.

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

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

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

(c) The Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) Any substantial part of the System shall be destroyed or damaged to the extent of impairing its efficient operation or adversely affecting its Net Revenues and the Issuer shall not within a reasonable time commence the repair, replacement or reconstruction thereof and proceed thereafter to complete with reasonable dispatch the repair, replacement or reconstruction thereof; or

(e) Final judgment for the payment of money shall be rendered against the Issuer as a result of the ownership, control or operation of the System and any such judgment shall not be discharged within one hundred twenty (120) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(f) An order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or receivers of the System or any part thereof or of the revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(g) Any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors

pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Net Revenues; or

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

(i) A monetary default shall have occurred on any System Indebtedness.

“Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Indebtedness and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, paying agent fees and expenses, annual audits, periodic Consultant's reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, for System operation, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular Fiscal Year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the Issuer not related to the operation of the System and transfers into the Debt Service Reserve Account provided for in the Bond Resolution.

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

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

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

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

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

“Index Rate” means the rate of interest set forth in *The Bond Buyer* Revenue Bond Index (or, in the event that *The Bond Buyer* does not compile such index or ceases publication, another comparable publication recognized in the municipal bond market) published for the week immediately preceding the date of determination.

“Insurance Consultant” means an individual or firm selected by the Issuer qualified to survey risks and to recommend insurance coverage for entities engaged in operations similar to those of the System and having a favorable reputation for skill and experience in making such surveys and recommendations.

“Interest Payment Date(s)” means: (a) with respect to the Series 2026 Bonds, the Stated Maturity of an installment of interest on the Series 2026 Bonds which shall be March 1 and September 1 of each year, commencing March 1, 2027; and (b) with respect to Additional Bonds, the Stated Maturity of an installment of interest on such Additional Bonds, as set forth in the supplemental resolution authorizing such Additional Bonds.

“Interim Indebtedness” means System Indebtedness having a term not less than one year, and not in excess of five years, incurred or assumed in anticipation of being refinanced or refunded with Long-Term Indebtedness.

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

“Issuer” means Rural Water District and any successors or assigns.

“Junior Lien Obligations” means any Additional Bonds or Additional Obligations payable from, and secured by a lien on, the Revenues, which lien is junior to that of any Parity Bonds.

“Long-Term Indebtedness” means System Indebtedness having an original stated maturity or term greater than one year, or renewable or extendible at the option of the debtor for a period greater than one year from the date of original issuance or incurrence thereof.

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

“Maximum Annual Debt Service” means the maximum amount of Debt Service Requirements as computed for the then current or any future Fiscal Year; provided that the Debt Service Requirements in the final Stated Maturity of any series of Bonds shall be reduced by the value of cash and Permitted Investments on deposit in the Debt Service Reserve Account, so long as the Debt Service Reserve Account is maintained at the Debt Service Reserve Requirement.

“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.

“Net Revenues” means, for the period of determination, all Revenues less all Expenses.

“Official Statement” means Issuer’s Official Statement relating to the Series 2026 Bonds.

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

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

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

“Parity Bonds” means the Outstanding Series 2026 Bonds, and any Additional Bonds hereafter issued or incurred pursuant to the Bond Resolution and standing on a parity and equality with the Series 2026 Bonds with respect to the Net Revenues.

“Parity Obligations” means any Additional Obligations hereafter issued or incurred pursuant to the Bond Resolution and standing on a parity and equality with the Parity Bonds with respect to the lien on the Net Revenues.

“Parity Resolution” means the Bond Resolution and the resolutions under which any Additional Bonds or Additional Obligations which constitute Parity Bonds or Parity Obligations are hereafter issued.

“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: (a) with respect to the Series 2026 Bonds, the State Treasurer, and its successors and assigns; and (b) with respect to Additional Bonds, the entity designated as Paying Agent in the supplemental resolution authorizing such Additional Bonds.

“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.

“Project” shall mean the repairs, alterations, extensions, reconstructions, enlargements or improvements to the System referred to in the preamble to the Bond Resolution and any Substitute Project.

“Project Fund” means the Project Fund for Water Utility System Revenue Bonds, Series 2026.

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

“Put Indebtedness” means Long-Term Indebtedness which is (a) payable or required to be purchased or redeemed from the holder by or on behalf of the underlying obligor, at the option of the holder thereof, prior to its stated maturity date, or (b) payable or required to be purchased or redeemed from the holder by or on behalf of the underlying obligor, other than at the option of the holder, prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund, or other than by reason of acceleration upon the occurrence of an Event of Default under the Bond Resolution.

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

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

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

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

“Refunding Bonds” means System Indebtedness issued for the purpose of refunding any Outstanding System Indebtedness.

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

“Revenue Fund” means the Water Utility System Revenue Fund.

“Revenues” means all income and revenues derived and collected by the Issuer from the operation and ownership of the System, including investment and rental income, net proceeds from business interruption insurance, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on System Indebtedness, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Rural Water District” means Rural Water District No. 1, Finney County, Kansas.

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

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

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

“Series 2026 Bonds” means the Issuer's Water Utility System Revenue Bonds, Series 2026, authorized and issued by the Issuer pursuant to the Bond Resolution.

[**“Series 2026[-_____] Term Bonds”** means the Series 2026 Bonds scheduled to mature in the year _____.]

[**“Series 2026[-2046] Term Bonds”** means the Series 2026 Bonds scheduled to mature in the year 2046.]

“Short-Term Indebtedness” means System Indebtedness having an original maturity less than or equal to one year from the date of original incurrence thereof, and not renewable or extendible at the option of the obligor thereon for a term greater than one year beyond the date of original issuance.

“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 Bond or any installment of interest thereon means the date specified in such Bond and the Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Substitute Project” means a substitute or additional project of the System authorized in the manner set forth in the Bond Resolution.

“System” means the entire waterworks plant and system owned and operated by the Issuer for the production, storage, treatment and distribution of water, to serve the needs of the Issuer and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the Issuer.

“System Indebtedness” means collectively the Bonds and any Additional Obligations which are payable out of, or secured by an interest in, the Revenues.

“Term Bonds” means any Bonds designated as Term Bonds in the Bond Resolution or in any supplemental resolution authorizing the issuance of Additional Bonds.

“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.

“Variable Rate Indebtedness” means any System Indebtedness which provides for interest to be payable thereon at a rate per annum that may vary from time to time over the term thereof in accordance with procedures provided in the instrument creating such System Indebtedness.

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

Creation of Funds and Accounts. The Bond Resolution establishes within the treasury of the Issuer the following Funds and Accounts:

- (a) Project Fund for Water Utility System Revenue Bonds, Series 2026.
- (b) Costs of Issuance Account for Water Utility System Revenue Bonds, Series 2026.
- (c) Debt Service Account for Water Utility System Revenue Bonds, Series 2026.
- (d) Water Utility System Revenue Fund.
- (e) Debt Service Reserve Account for Water Utility System Parity Bonds.

The above Funds and Accounts established herein shall be administered in accordance with the provisions of the Bond Resolution so long as the Series 2026 Bonds are Outstanding.

Deposit of Series 2026 Bond Proceeds and Other Moneys. The net proceeds received from the sale of the Series 2026 Bonds and certain other moneys shall be deposited simultaneously with the delivery of the Series 2026 Bonds as follows:

- (a) All accrued interest and premium, if any, received from the sale of the Series 2026 Bonds shall be deposited in the Debt Service Account.
- (b) An amount necessary to pay 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 Series 2026 Bonds, together with moneys provided by the Issuer, shall be deposited in the Project Fund.
- (d) Simultaneously with the issuance and delivery of the Series 2026 Bonds, the Issuer will use available moneys to deposit an amount equal to the Debt Service Reserve Requirement into the Debt Service Reserve Account. The Issuer will also use available moneys to pay a portion of the costs of the Project.

Application of Moneys in the Project Fund. Moneys in the Project Fund shall be used for the sole purpose of paying the costs of the Project, as approved by the governing body of the Issuer.

Withdrawals from the Project Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Project shall be supported by a certificate that such payment is being made for a purpose within the scope of the Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, and that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other purposes shall be supported by a certificate stating that such payment is being made for a purpose within the purpose of the Bond Resolution. Upon completion of the Project, any surplus remaining in the Project Fund shall be deposited in the Debt Service Account.

Substitute Project; Reallocation of Proceeds. The Issuer may elect for any reason to substitute or add other System improvements to be financed with proceeds of the Series 2026 Bonds provided the following conditions are met: (a) the Substitute Project and the issuance of Bonds to pay the cost of the Substitute Project 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 Series 2026 Bonds to pay the Financeable Costs of the Substitute Project has been duly adopted by the governing body of the Issuer pursuant to this Section; and (c) the use of the proceeds of the Series 2026 Bonds to pay the Financeable Costs of the Substitute Project will not adversely affect the tax status of the Series 2026 Bonds under State or federal law.

The Issuer may reallocate expenditure of Series 2026 Bond proceeds among all Projects financed by the Series 2026 Bonds; provided the following conditions are met: (a) the reallocation is approved by the governing body of the Issuer; (b) the reallocation shall not cause the proceeds of the Series 2026 Bonds allocated to any Project to exceed the Financeable

Costs of the Project; and (c) the reallocation will not adversely affect the tax-exempt status of the Series 2026 Bonds under State or federal law.

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

COLLECTION AND APPLICATION OF REVENUES

Revenue Fund. The Issuer covenants and agrees that from and after the delivery of the Series 2026 Bonds, and continuing as long as any of the Bonds remain Outstanding, all of the Revenues shall as and when received be paid and deposited into the Revenue Fund. Said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, Funds and Accounts of the Issuer and shall not be commingled with any other moneys, revenues, Funds and Accounts of the Issuer. On the first day of each month the Issuer shall administer and allocate all of the moneys then held in the Revenue Fund as follows:

(a) ***Operation and Maintenance.*** There shall first be paid and credited from month to month as a first charge against the Revenue Fund the Expenses as the same become due and payable.

Parity Resolutions. The following transfers shall be made on a parity of lien basis with the transfers and requirements of the Parity Resolutions.

(b) ***Debt Service Account.*** There shall next be paid and credited monthly to the Debt Service Account a proportionate amount necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Series 2026 Bonds. The amounts required to be paid and credited to the Debt Service Account shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service accounts established for the payment of the Debt Service Requirements on Parity Bonds and Parity Obligations under the provisions of the Parity Resolution(s). 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 Debt Service Requirements of the Series 2026 Bonds as and when the same become due at Maturity and on each Interest Payment Date.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Account and to the debt service accounts established to pay the principal of and interest on any Parity Bonds or Parity Obligations, the available moneys in the Revenue Fund shall be divided among such debt service accounts in proportion to the respective principal amounts of said series of Bonds at the time Outstanding which are payable from the moneys in said debt service accounts.

(c) ***Debt Service Reserve Account.*** Except as hereinafter provided, all amounts paid and credited to the Debt Service Reserve Account shall be expended and used by the Issuer solely to prevent any default in the payment of interest on or principal of the Parity Bonds on any Maturity date or Interest Payment Date if the moneys in the respective debt service accounts are insufficient to pay the Debt Service Requirements of said Parity Bonds as they become due. So long as the Debt Service Reserve Account aggregates the Debt Service Reserve Requirement, no further payments into said Account shall be required, but if the Issuer is ever required to expend and use a part of the moneys in said Account for the purpose herein authorized and such expenditure reduces the amount of the Debt Service Reserve Account below the Debt Service Reserve Requirement, or if the valuation of the Debt Service Reserve Account establishes that the value of the Debt Service Reserve Account is below the Debt Service Reserve Requirement, the Issuer shall transfer all available Revenues after providing for the transfers set forth above into the Debt Service Reserve Account until the Debt Service Reserve Account shall again aggregate the Debt Service Reserve Requirement.

Moneys in the Debt Service Reserve Account may be used to call the Parity Bonds for redemption and payment prior to their Stated Maturity or may be used to pay and retire the Parity Bonds and interest thereon; provided that after such redemption or payment there shall remain in the Debt Service Reserve Account an amount equal to the Debt Service Reserve Requirement. Any amounts in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement on any valuation date shall be transferred (i) during the period of construction of the Project, to the Project Fund, and (ii) after such construction period, to the Debt Service Account.

(d) ***Debt Service Accounts-Junior Lien Obligations.*** There shall next be paid and credited monthly to the debt service account(s) for any Junior Lien Obligations, to the extent necessary to meet on each Bond Payment Date an amount equal to the payment of all interest on and principal of any Junior Lien Obligations. The amounts required to be paid and

credited to the debt service account(s) for any Junior Lien Obligations shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to other debt service accounts established for the payment of the Debt Service Requirements on any Junior Lien Obligations.

(e) ***Surplus Moneys.*** After all payments and credits required at the time to be made under the provisions of the preceding subsections have been made, all moneys remaining in the Revenue Fund may be expended and used for the following purposes as determined by the governing body of the Issuer:

- (1) Paying the cost of the operation, maintenance and repair of the System to the extent that may be necessary after the application of moneys under the provisions of paragraph (a) of this Section.
- (2) Paying the cost of extending, enlarging or improving the System.
- (3) Preventing default in, anticipating payments into or increasing the amounts in the Debt Service Account, any debt service account for Parity Bonds or Parity Obligations, or the Debt Service Reserve Account referred to in this Section, or any one of them, or establishing or increasing the amount of any debt service account or Debt Service Reserve Account created by the Issuer for the payment of any Parity Bonds or Parity Obligations.
- (4) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the Issuer, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any bonds are callable), any Bonds, including principal, interest and redemption premium, if any.
- (5) Any other lawful purpose in connection with the operation of the System and benefiting the System.
- (6) To make transfers to the Revenue Fund.

(f) ***Deficiency of Payments into Funds and Accounts.*** If at any time the Revenues are insufficient to make any payment on the date or dates hereinbefore specified, the Issuer will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues, such payments and credits being made and applied in the order hereinbefore specified in this Section.

Transfer of Funds to Paying Agent. The Treasurer of the Issuer shall withdraw from the Debt Service Account, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Bonds, from the Debt Service Reserve Account, sums sufficient to pay the principal of and interest on the Bonds as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner which ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date.

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

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

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 and which meet certain guidelines of State law. All such deposits shall be held in cash or invested in Permitted Investments or shall be adequately secured as provided by the laws of the State.

Investments. Moneys held in any Fund or Account may be invested in accordance with the Bond Resolution and the Federal Tax Certificate, in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created; and provided, further, that Permitted Investments in the Debt Service Reserve Account shall have an average aggregate weighted term to maturity not greater than five years. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account. All earnings on investments held in the Debt Service Reserve Account shall accrue to and become a part of the Debt Service Reserve Account while or until the amount on deposit in the Debt Service Reserve Account shall aggregate the Debt Service Reserve Requirement; thereafter, all such earnings shall be credited to the Debt Service Account and any debt service account for Parity Bonds or Parity Obligations on a prorata basis.

Valuation of Investments. The Value of any Fund or Account shall be determined as of the final Stated Maturity of each Fiscal Year that the Bonds remain Outstanding. In determining the amount held in any Fund or Account, Permitted Investments shall be valued at their market value. Such valuation shall be made as of the final Stated Maturity of principal of any Fiscal Year that the Bonds remain Outstanding and may be made in conjunction with redemption of any Bonds.

GENERAL COVENANTS AND PROVISIONS

Efficient and Economical Operation. The Issuer will continuously own and will operate the System as a revenue producing facility in an efficient and economical manner and will keep and maintain the same in good repair and working order.

Rate Covenant. The Issuer, in accordance with and subject to applicable legal requirements, will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to: (a) pay the Expenses; (b) pay the Debt Service Requirements on the Bonds as and when the same become due at the Maturity thereof or on any Interest Payment Date; (c) enable the Issuer to have in each Fiscal Year, a Debt Service Coverage Ratio of not less than 1.25 on all Parity Bonds and Parity Obligations at the time Outstanding; and 1.00 on any Junior Lien Obligations at the time Outstanding; and (d) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in the Bond Resolution. The Issuer will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The Issuer will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations under the provisions of the Bond Resolution. If in any Fiscal Year, Net Revenues are an amount less than as hereinbefore provided, the Issuer will immediately employ a Consultant to make recommendations with respect to such rates and charges. The Issuer shall, to the extent feasible, follow the recommendations of the Consultant.

Restrictions on Mortgage or Sale of System. The Issuer will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the Issuer may dispose of certain assets in accordance with the Bond Resolution.

Insurance. The Issuer will carry and maintain insurance with respect to the System and its operations against such casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, public liability, business interruption, worker's compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other enterprises engaged in similar activities of comparable size and similarly situated; provided the amount of such liability insurance shall be in amounts not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the State's tort claims act or other similar future law (currently \$500,000 per occurrence). The Issuer may elect to be self-insured for all or any part of the foregoing requirements if (a) the Issuer annually obtains a written evaluation with respect to such self-insurance program from an Insurance Consultant, (b) the evaluation is to the effect that the self-insurance program is actuarially sound, (c) unless the evaluation states that such reserves are not necessary, the Issuer deposits and maintains adequate reserves for the self-insurance program with a corporate trustee, who may also be the Paying Agent, and (d) in the case of workers' compensation, adequate reserves created by the Issuer for such self-insurance program are deposited and maintained in such amount and manner as are acceptable to the State.

Books, Records and Accounts. The Issuer will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the Issuer) in which complete and correct entries will be made of all dealings and transactions of or in relation to the System. Such accounts shall show the amount of Revenues, the application of such funds, and all financial transactions in connection therewith.

Annual Budget. Prior to the commencement of each Fiscal Year, the Issuer will cause to be prepared and filed with the Secretary a budget setting forth the estimated receipts and expenditures of the System for the next succeeding Fiscal Year. Said annual budget shall be prepared in accordance with the requirements of the laws of the State and shall contain all information that is required by such laws.

Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements System for the preceding Fiscal Year by an Independent Accountant to be employed for that purpose and paid from the Revenues. Said annual audit shall cover in reasonable detail the operation of the System during such Fiscal Year. As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review the report of such audit, and if the audit report discloses that proper provision has not been made for all of the requirements of the Bond Resolution and the Act, the Issuer will promptly cure such deficiency and will promptly proceed to modify the rates and charges to be charged for the use and services furnished by the System or take such other action as may be necessary to adequately provide for such requirements.

Right of Inspection. The Purchaser of the Bonds and any Owner or Owners of 10% of the principal amount of the Bonds then Outstanding shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and shall be furnished all such information concerning the System and the operation thereof which the Purchaser or such Owner or Owners may reasonably request.

Report on System Condition. The Issuer shall annually cause a qualified employee of the Issuer to make an examination of and report on the condition and operations of the System. Upon request of the Purchaser, but in no event more often than every five years such examination and report shall be made by the Consulting Engineer.

ADDITIONAL BONDS AND OBLIGATIONS

Senior Lien Bonds. So long as any of the Parity Bonds remain Outstanding, the Issuer will not issue any System Indebtedness payable out of the Revenues which are superior to the Parity Bonds with respect to the lien on the Revenues.

Parity Bonds and Parity Obligations. The Issuer will not issue any System Indebtedness which stands on a parity or equality of lien against the Net Revenues with the Parity Bonds unless the following conditions are met:

(a) The Issuer shall not be in default in the payment of principal of or interest on any Parity Bonds or Parity Obligations at the time Outstanding or in making any payment at the time required to be made into the respective Funds and Accounts created by and referred to in the Bond Resolution or any Parity Resolution (unless such System Indebtedness is being issued to provide funds to cure such default) nor shall any other Event of Default have occurred and be continuing;

(b) The Issuer shall deliver the following:

(1) *Long-Term Indebtedness.* A certificate signed by the Issuer evidencing *either* of the following:

(i) The Debt Service Coverage Ratio for the Fiscal Year immediately preceding the issuance of such System Indebtedness, as reflected by information provided by the Independent Accountant, shall be not less than 1.25, including the System Indebtedness proposed to be issued. In the event that the Issuer has instituted any increase in rates for the use and services of the System and such increase shall not have been in effect during the full Fiscal Year immediately preceding the issuance of such proposed System Indebtedness, the additional Net Revenues which would have resulted from the operation of the System during said preceding Fiscal Year had such rate increase been in effect for the entire period may be added to the stated Net Revenues for the calculation of the Debt Service Coverage Ratio, provided that such estimated additional Net Revenues shall be determined by a Consultant.

(ii) The estimated Debt Service Coverage Ratio (as determined by a Consultant), for the Fiscal Year immediately following the Fiscal Year in which the project, the cost of which is being financed by such System Indebtedness, is to be in commercial operation, shall be not less than 1.25, including the System Indebtedness proposed to be issued. In the event that the Issuer anticipates additional Revenues as a result of expansion or modification of the System by such System Indebtedness, the Issuer may adjust the estimated Net Revenues in determining the Debt Service Coverage Ratio, by adding thereto any estimated increase in Net Revenues resulting from any increase in Revenues for the use and services of the System, which, in the opinion of the Consultant, are reasonable based on projected operations of the System for such Fiscal Year.

(2) *Short-Term Indebtedness.* A certificate signed by the Issuer evidencing any *one* of the following:

(i) The principal amount of all Outstanding Short-Term Indebtedness does not exceed 15% of the Revenues for the most recently ended Fiscal Year for which financial information is available from the Independent Accountant;

(ii) The Short-Term Indebtedness could be incurred assuming it was Long-Term Indebtedness.

(iii) There is delivered to the Issuer a certificate of a Consultant to the effect that it is such Consultant's opinion that it is reasonable to assume that the Issuer will be able to refinance such Short-Term Indebtedness prior to its Stated Maturity and the conditions are met with respect to such Short-Term Indebtedness when it is assumed that such Short-Term Indebtedness is Long-Term Indebtedness maturing over 20 years (or such shorter period as such Consultant indicates is reasonable to assume in such statement) from the date of issuance of the Short-Term Indebtedness and bears interest on the unpaid principal balance at the Index Rate and is payable on a level annual debt service basis over a 20-year period (or such shorter period as such Consultant indicates is reasonable to assume in such statement).

(3) *Interim Indebtedness.* A certificate signed by the Issuer evidencing any *either* of the following:

(i) The Interim Indebtedness could be incurred assuming it was Long-Term Indebtedness.

(ii) There is delivered to the Issuer a certificate of a Consultant to the effect that it is such Consultant's opinion that it is reasonable to assume that the Issuer will be able to refinance such Interim Indebtedness prior to its Stated Maturity and the conditions are met with respect to such Interim Indebtedness when it is assumed that such Interim Indebtedness is Long-Term Indebtedness maturing over 20 years (or such shorter period as such Consultant indicates is reasonable to assume in such statement) from the date of issuance of the Interim Indebtedness and bears interest on the unpaid principal balance at the Index Rate and is payable on a level annual debt service basis over a 20-year period (or such shorter period as such Consultant indicates is reasonable to assume in such statement).

(c) When the issuance of System Indebtedness of equal stature and priority is permitted by the Statutes of the State.

(d) With respect to the issuance of Additional Bonds, an additional deposit to the Debt Service Reserve Account shall be made to bring the Debt Service Reserve Account to an amount equal to the Debt Service Reserve Requirement.

(e) The resolution authorizing such System Indebtedness shall contain or provide for substantially the same terms, conditions, covenants and procedures as established in the Bond Resolution.

Notwithstanding the foregoing restrictions, additional System Indebtedness may be issued if it is necessary: (1) in the opinion of the Consulting Engineer to do so to repair the System if damaged or destroyed by disaster to such extent necessary to keep it in good operating condition; or (2) in the opinion of the Issuer's legal counsel to remedy any deficiency of the System relating to environmental pollution matters or to comply with the requirements of any governmental agency having jurisdiction over the Issuer with respect thereto.

Additional System Indebtedness issued under the conditions hereinbefore set forth shall stand on a parity with the Parity Bonds and Parity Obligations and shall enjoy complete equality of lien on and claim against the Net Revenues, and the Issuer may make equal provision for paying the Debt Service Requirements on such System Indebtedness out of the Revenue Fund and may likewise provide for the creation of reasonable debt service accounts and debt service reserve accounts for the payment of the Debt Service Requirements on such System Indebtedness and the interest thereon out of moneys in the Revenue Fund.

Junior Lien Obligations. Nothing shall prohibit or restrict the right of the Issuer to issue Junior Lien Obligations for any lawful purpose in connection with the operation of and benefiting the System and to provide that the Debt Service Requirements on such Junior Lien Obligations shall be payable out of the Net Revenues, provided at the time of the issuance of such Junior Lien Obligations the Issuer is not in default in the performance of any covenant or agreement contained in the Bond Resolution (unless such System Indebtedness shall be issued to cure such default and shall be junior and subordinate to the Parity Bonds and Parity Obligations) so that if at any time the Issuer shall be in default in paying either interest on or principal of the Parity Bonds or Parity Obligations, or of the Issuer is in default in making debt service, operation and maintenance or debt service reserve deposits or payments required to be made by it under the Bond Resolution, the Issuer shall make no payments of either principal of or interest on said Junior Lien Obligations until said default or defaults be cured.

Refunding Bonds. The Issuer shall have the right, without complying with the provisions relating to Parity Bonds above, to refund any System Indebtedness under the provisions of any law then available, and the Refunding Bonds so issued shall enjoy complete equality of pledge as did the System Indebtedness being refunded; provided, however, that if only a portion of any series of System Indebtedness is refunded and if said System Indebtedness is refunded in such manner that the Refunding Bonds bear a higher average rate of interest or become due on a date earlier than that of the System Indebtedness which is refunded, then said System Indebtedness may be refunded without complying with the provisions relating to Parity Bonds and Parity Obligations above only by and with the written consent of the Owners of a majority in principal amount of the System Indebtedness that is not refunded; provided that such consent is not needed from Owners of Junior Lien Obligations, nor is such consent needed if the System Indebtedness to be refunded constitutes Junior Lien Obligations.

CALCULATION OF DEBT SERVICE REQUIREMENTS

(a) *Debt Service Requirements on Balloon, Put, Short-Term and Interim Indebtedness.*

(1) The principal of Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness being treated as Long-Term Indebtedness, or Interim Indebtedness shall be deemed due and payable at its Stated Maturity; provided, however, that at the election of the Authority for the purpose of any computation of Debt Service Requirements, whether historical or projected, the principal deemed payable on Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness being treated as Long-Term Indebtedness, or Interim Indebtedness, shall be deemed to be payable as set forth below:

(A) If the Issuer has obtained a binding commitment of a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated “A” or better by any Rating Agency) to refinance such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or a portion thereof, including without limitation, a letter of credit or a line of credit, the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or portion thereof to be refinanced, may be deemed to be payable in accordance with the terms of the refinancing arrangement;

(B) If the Issuer has entered into a binding agreement providing for the deposit by the Issuer with a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated “A” or better by any Rating Agency), in trust (herein called a “Special Redemption Fund”) of amounts, less investment earnings realized and retained in the Special Redemption Fund, equal in aggregate to the principal amount of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or a portion thereof, when due from the sums so deposited and investment earnings realized thereon, then the principal amount of the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or portion thereof, may be deemed to be payable in accordance with the terms of such agreement;

(C) If the Issuer has entered into arrangements or agreements with respect to the principal amount of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, other than those referred to in subsections (A) and (B) above, which a Consultant in a certificate filed with the Issuer determines, taking into account the interests of the Owners of System Indebtedness, provides adequate assurances that the Issuer will be able to meet the Debt Service Requirements due on such Indebtedness, the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness may be deemed to be payable in accordance with the terms of such arrangement or agreement; or

(D) Such Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness may be deemed to be System Indebtedness which, at the date of its original incurrence, was payable over a term not to exceed twenty (20) years in equal annual installments of principal and interest at the Index Rate.

A Consultant shall deliver to the Issuer a certificate stating that it is reasonable to assume that installment obligations of such term of the Issuer can be incurred and stating the interest rate then applicable to installment obligations of such term of comparable quality. Interim Indebtedness may be deemed to be Indebtedness which, at the date of its original incurrence, would meet the conditions specified in the statement of the Consultant; provided that the Consultant shall for each annual period that the Debt Service Requirement is computed, provide a supplemental statement that at such period, the certifications contained in the statement are reasonable.

(2) Interest that is payable prior to the Stated Maturity of any Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness shall be taken into account for such appropriate period in computation of Debt Service Requirements. Interest payable at maturity or early redemption on Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness may either be amortized over the anticipated maturity or such longer period as is permitted or may be treated as principal payable on the principal maturity date of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness.

(3) In measuring compliance with the applicable tests hereunder in connection with incurring Put Indebtedness and generally for purposes of determining the Debt Service Requirements relating thereto, Put Indebtedness shall be deemed to mature based upon the actual amortization requirements for the Put Indebtedness, only to the extent that the Issuer has a commitment to refinance such Put Indebtedness.

(b) **Debt Service Requirements on Discount Indebtedness.** At the election of the Issuer for the purpose of any computation of Debt Service Requirements, whether historical or projected, the principal and interest deemed payable on Discount Indebtedness shall be deemed to be payable as set forth below:

(1) If the Issuer has obtained a binding commitment of a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated "A" or better by any Rating Agency) to refinance such Discount Indebtedness, or a portion thereof, including without limitation, a letter of credit or a line of credit, the Discount Indebtedness, or portion thereof to be refinanced, may be deemed to be payable in accordance with the terms of the refinancing arrangement;

(2) If the Issuer has entered into a binding agreement providing for the deposit with a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated "A" or better by any Rating Agency), in trust (herein called a "Special Redemption Fund") of amounts, less investment earnings realized and retained in the Special Redemption Fund, equal in aggregate to the principal amount of such Discount Indebtedness, or a portion thereof, and providing for the payment of such principal amount when due from the sums so deposited, and investment earnings realized thereon, then the Discount Indebtedness, or portion thereof, may be deemed to be payable in accordance with the terms of such agreement;

(3) If the Issuer has entered into arrangements or agreements with respect to the principal amount of such Discount Indebtedness, other than those referred to in subsections (1) and (2) above, which a Consultant in a certificate filed with the Issuer determines, taking into account the interests of the holders of System Indebtedness, provides adequate assurances that the Issuer will be able to meet the Debt Service Requirements due on such Indebtedness, the Discount Indebtedness may be deemed to be payable in accordance with the terms of such arrangement or agreement; or

(4) As of any time the maturity amount represented by Discount Indebtedness shall be deemed to be the accreted value of such Indebtedness computed on the basis of a constant yield to maturity.

(c) **Debt Service Requirements on Variable Rate Indebtedness.** When calculating interest requirements on Variable Rate Indebtedness which bears a variable rate of interest for periods as to which the rate of interest has not been determined, the rate of interest on Outstanding Variable Rate Indebtedness shall be the average annual rate of interest which was payable on such Variable Rate Indebtedness during the twelve (12) months immediately preceding the date as of which the calculation is made; and the rate of interest on Variable Rate Indebtedness to be incurred (or incurred less than twelve (12) months preceding such date) shall be the average annual rate of interest which would have been payable on such Variable Rate Indebtedness had it been outstanding for a period of twelve (12) months immediately preceding the date as of which the calculation is made, as evidenced in a certificate of a Consultant, delivered to the Issuer.

DEFAULT AND REMEDIES

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

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Resolution or by the Constitution and laws of the State;

(b) by suit, action or other proceedings in equity or at law to require the Issuer, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds of any series shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Bonds, except as to rate of interest, date of maturity and right of prior redemption. 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, or to enforce any right, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the Issuer and the Owners of the Bonds shall be restored to their former positions and rights, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

No Obligation to Levy Taxes. Nothing contained in the Bond Resolution shall be construed as imposing on the Issuer any duty or obligation to levy any taxes either to meet any obligation incurred herein or to pay the principal of or interest on the Bonds.

DEFEASANCE

When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Resolution and the pledge of the Revenues hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until: (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with the Bond Resolution. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of the Bond Resolution.

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 Series 2026 Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Issuer will adopt such other 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 Series 2026 Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Survival of Covenants. The covenants contained in the Bond Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Series 2026 Bonds pursuant to the Bond Resolution until such time as is set forth in the Federal Tax Certificate.

CONTINUING DISCLOSURE REQUIREMENTS

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

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

MISCELLANEOUS PROVISIONS

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Series 2026 Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding. No such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond;
- (c) permit preference or priority of any Bond over any other Bond;
- (d) reduce the percentage in principal amount of Series 2026 Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution; or
- (e) permit the creation of a lien on the Revenues prior or equal to the lien of the Parity Bonds or Additional Obligations.

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, 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 Project, to reallocate proceeds of the Series 2026 Bonds among Projects, to provide for a Substitute Project, to conform the Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Bonds or of the Bond Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the governing body of the Issuer amending or supplementing the provisions of the Bond Resolution and shall be deemed to be a part of the Bond Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of the Bond Resolution shall always be kept on file in the office of the Secretary, and shall be made available for inspection by the Owner of any Bond or a prospective purchaser or owner of any Bond authorized by the Bond Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental resolution or of the Bond Resolution will be sent by the Secretary to any such Owner or prospective Owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Secretary a copy of the resolution of the Issuer hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The Issuer shall furnish to the Paying Agent a copy of any amendment to the Bonds or the Bond Resolution which affects the duties or obligations of the Paying Agent under the Bond Resolution.

Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing.

Inconsistent Provisions. In case any one or more of the provisions of the Bond Resolution or of the Bonds issued thereunder shall for any reason be inconsistent with the provisions of the Parity Resolution or the Parity Bonds: (a) the provisions of any Parity Resolution adopted prior to the Bond Resolution shall prevail with respect to Parity Bonds issued prior in time, so long as such Parity Bonds are Outstanding; and (b) the provisions of the Bond Resolution shall prevail with respect to any Parity Resolution adopted subsequent to the Bond Resolution, so long as any Parity Bonds issued under the Bond Resolution are Outstanding.

Electronic Transactions. The issuance of the Series 2026 Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

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

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

EXHIBIT D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of December 1, 2026 (the “Continuing Disclosure Undertaking”), is executed and delivered by **RURAL WATER DISTRICT NO. 1, FINNEY COUNTY, KANSAS** (the “Issuer”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its Water Utility System Revenue Bonds, Series 2026 (the “Bonds”), pursuant to a Resolution adopted by the governing body of the Issuer on October 13, 2026 (the “Bond Resolution”).

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

The Issuer covenants and agrees as follows:

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

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

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

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

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

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

“**Financial Obligation**” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

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

“System” means the entire waterworks plant and system owned and operated by the Issuer for the production, storage, treatment and distribution of water, to serve the needs of the Issuer and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the Issuer.

Section 2. Provision of Annual Reports.

(a) The Issuer shall, not later than the first day of the twelfth month after the end of the Issuer’s Fiscal Year, commencing with the year ending December 31, 2026, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

**RURAL WATER DISTRICT NO. 1,
FINNEY COUNTY, KANSAS**

(SEAL)

Chairman

Secretary

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

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

DESCRIPTION OF THE SYSTEM

- Number of Customers
- Rate Structure
- Sales History

INDEBTEDNESS OF THE ISSUER

- Revenue Bonds
- Loan Obligations

HISTORICAL FINANCIAL INFORMATION CONCERNING THE SYSTEM*

* This annual operating data is also available in the Issuer's financial information portion of its Annual Report.