

**New Issue**

**Rating Application Made: S&P Global Ratings**

**ADDENDUM DATED MAY 16, 2022  
TO PRELIMINARY OFFICIAL STATEMENT DATED MAY 12, 2022**

**CITY OF BASEHOR, KANSAS**  
(Leavenworth County)

**\$10,000,000\* GENERAL OBLIGATION BONDS, SERIES 2022-A**

**BID OPENING:** May 25, 2022, 10:00 AM C.T.

The Optional Redemption dates on page 5 of the Preliminary Official Statement have been corrected. Following is the revised Preliminary Official Statement dated May 12, 2022.

# PRELIMINARY OFFICIAL STATEMENT DATED MAY 12, 2022

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

New Issue

Rating Application Made: S&P Global Ratings

## CITY OF BASEHOR, KANSAS (Leavenworth County)

### \$10,000,000\* GENERAL OBLIGATION BONDS, SERIES 2022-A

PROPOSAL OPENING: May 25, 2022, 10:00 A.M., C.T.

CONSIDERATION: May 25, 2022, 7:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$10,000,000\* General Obligation Bonds, Series 2022-A (the "Bonds") of the City of Basehor, Kansas (the "City" or the "Issuer"), are being issued pursuant to K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, 12-685 *et seq.*, and K.S.A. 12-1736 *et seq.*, as amended by Charter Ordinance No. 27 of the City, all as amended and supplemented from time to time (collectively, the "Act"), to finance a portion of the costs of the street reconstruction projects and improvement to the City's Civic Campus. The Bonds and the interest thereon will constitute general obligations of the City, payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. Delivery is subject to receipt of an approving legal opinion of Gilmore & Bell, P.C., Wichita, Kansas.

The Bonds will be issued as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof (the "Authorized Denomination"). Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bond owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Bonds.

**DATE OF BONDS:** June 16, 2022

**MATURITY:** September 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2024	\$375,000	2031	\$455,000	2038	\$565,000
2025	385,000	2032	465,000	2039	580,000
2026	395,000	2033	480,000	2040	600,000
2027	405,000	2034	495,000	2041	620,000
2028	415,000	2035	510,000	2042	645,000
2029	430,000	2036	530,000	2043	665,000
2030	440,000	2037	545,000		

**MATURITY ADJUSTMENTS:** \* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "THE BONDS - Redemption Provision" herein.

**INTEREST:** March 1, 2023 and semiannually thereafter (the "Interest Payment Dates").

**OPTIONAL REDEMPTION:** Bonds maturing on September 1, 2033 and thereafter are subject to call for prior optional redemption on September 1, 2032 and any date thereafter, at a price of par plus accrued interest.

**MINIMUM PROPOSAL:** \$9,880,000.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$200,000 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** State of Kansas - Office of the State Treasurer

**BOND COUNSEL:** Gilmore & Bell, P.C.

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about June 16, 2022.

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation 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 the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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## **CITY OF BASEHOR CITY COUNCIL**

		<u>Term Expires</u>
Richard Drennon	Mayor	January 2026
Ben Sims	Council President	January 2024
Vernon Fields	Council Member	January 2024
Ty Garver	Council Member	January 2026
Hayden Maples	Council Member	January 2024
Shari Standiferd	Council Member	January 2026

## **ADMINISTRATION**

Leslee Rivarola, City Administrator  
Maddie Waldeck, Project Manager/Assistant City Administrator  
Kristi Olson, Treasurer

## **PROFESSIONAL SERVICES**

Gilmore & Bell, P.C., Bond Counsel, Wichita, Kansas  
Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other offices located in Waukesha, Wisconsin and Denver, Colorado)*

## INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Basehor, Kansas (the "City") and the issuance of its \$10,000,000\* General Obligation Bonds, Series 2022-A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on May 25, 2022. Capitalized items not otherwise defined herein shall have the meanings ascribed thereto in the Bond Resolution, a copy of which is available upon request with the City.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

### General

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of June 16, 2022. The Bonds will mature on September 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on September 1 and March 1 of each year, commencing March 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

## THE PROJECT

The Bonds are being issued to finance capital improvement in the City, more specifically described as set forth below:

<u>Project Description</u>	<u>Ord./Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Authorized Amount</u>
Civic Campus Improvements	2022-21	K.S.A. 12-1736 / Charter Ord. 27	\$7,000,000
155 <sup>th</sup> Street Improvements	2022-22	K.S.A. 12-685 <i>et seq.</i>	\$3,000,000

\* Preliminary, subject to change.

# THE BONDS

## **Authority; Purpose**

The Bonds are being issued pursuant to K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, 12-685 *et seq.*, and K.S.A. 12-1736 *et seq.*, as amended by Charter Ordinance No. 27 of the City, all as amended and supplemented from time to time (collectively, the "Act"), an ordinance passed by the governing body of the City and a resolution adopted by the governing body of the City on May 25, 2022 (collectively, the "Bond Resolution") for the purpose of financing a portion of the costs of certain capital improvements in the City. See "THE PROJECT" herein.

## **Security for the Bonds**

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

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

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

## **Description of the Bonds**

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

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

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

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

## **Method and Place of Payment of the Bonds**

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

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

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

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

## **Payments Due on Saturdays, Sundays and Holidays**

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

## **Book-Entry Bonds; Securities Depository**

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



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

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

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

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

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of the Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

### **Registration, Transfer and Exchange of Bonds**

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

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

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

### **Mutilated, Lost, Stolen or Destroyed Bonds**

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

### **Nonpresentment of Bonds**

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

### **Redemption Provisions**

***Optional Redemption.*** At the option of the Issuer, Bonds maturing on September 1 in the years 2033, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on September 1, 2032, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

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

<b>Principal Amount</b>	<b>Year</b>
\$ _____	20__
_____	20__
_____	20__ *

\*Final Maturity

(b) 2043 *Term Bonds.* ] The 2043 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 March 1 in each year, the following principal amounts of such 2043 Term Bonds:

<b>Principal Amount</b>	<b>Year</b>
\$ _____	20__
_____	20__
_____	20__ *

\*Final Maturity

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

***Notice and Effect of Call for Redemption.*** Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and the Underwriter. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written

notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date. All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

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

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

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

## **ESTIMATED SOURCES AND USES\***

### **Sources of Funds:**

Principal Amount of the Bonds	<u>\$10,000,000.00</u>
<b><i>Total</i></b>	<b>\$10,000,000.00</b>

### **Uses of Funds:**

Deposit to Improvement Fund	\$9,786,500.00
Costs of Issuance	\$93,500.00
Underwriter's Discount/Compensation	<u>\$120,000.00</u>
<b><i>Total</i></b>	<b>\$10,000,000.00</b>

\*Preliminary, subject to change.

## **RATING**

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA+" by S&P Global Ratings ("S&P").

The City has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City's audited financial statements for fiscal year ended December 31, 2017 were timely filed on June 14, 2018 however, the original document did not include an Independent Auditor's Report. The updated statements were filed on February 26, 2019. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

## LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas ("Bond Counsel"), bond counsel to the Issuer. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the Official Statement but expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE BONDS," "LEGAL MATTERS," and "TAX MATTERS". Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds.

## TAX MATTERS

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

### Opinion of Bond Counsel

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

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

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

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

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

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

## Other Tax Consequences

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

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

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

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

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

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2020 have been audited by Michael D. Peroo CPA, PA, Olathe, Kansas, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

The City anticipates accepting its audited financial statements for the year ended December 31, 2021 on or about May 25, 2022, the sale date of the Bonds. The City anticipates including such audited financial statements in the final Official Statement for the Bonds. For additional information regarding the City's expected general fund performance for the year ended December 31, 2021, see the section entitled "THE ISSUER – SUMMARY GENERAL FUND INFORMATION" herein.



## RISK FACTORS

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

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**Taxes:** The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

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

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

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

**Ratings; Interest Rates:** In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

**Tax Exemption:** If the federal government or the State of Kansas taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Bond Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Kansas income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Kansas income taxation, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

**State Economy; State Aids:** State of Kansas cash flow problems could affect local governments and possibly increase property taxes.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

**Secondary Market for the Bonds:** No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

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

**Kansas Public Employees Retirement System:** As described in "THE ISSUER – EMPLOYEES; PENSIONS; UNIONS," the Issuer participates in the Kansas Police and Firemen's Retirement System ("KP&F") Plan (the "Plan"). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability ("UAAL"). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to the most recent valuation report released by the Kansas Public Employees Retirement System, the KP&F plan had a UAAL of approximately \$918 million in calendar year 2020. City employees do not currently participate in the Kansas Public Employees Retirement System (KPERS).

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

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

**Cybersecurity:** The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

**Impact of the Spread of COVID-19:** On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. The COVID-19 pandemic could result in increased costs to the Issuer and/or negative impacts on the collection of property taxes (a primary source of revenue for the Issuer, including for repayment of the Bonds) within the Issuer due to increased payment delinquencies or disruption of the collection of distribution of property taxes. As of the date hereof, the Issuer has not experienced material adverse changes relative to its adopted budgets with regard to expenditures or receipt of revenues. State and local governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax collections that are essential to repayment of the Bonds, may deviate from historical or anticipated levels.

The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The Issuer is not able to predict and makes no representations as to the long-term economic impact of the COVID-19 pandemic on the Issuer.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

# VALUATIONS

## OVERVIEW

The valuation of each parcel of real property subject to taxation must, by law, be updated each year, as of each January 1, and must be physically inspected by the appraiser at least once every six years. With the exception of agricultural land, all property is valued at its market value in money which is the value the appraiser determines to be the price the appraiser believes the property to be fairly worth, and which is referred to as the "Fair Market Value". Land devoted to agricultural use is appraised on the basis of the income-generating capabilities of such land for agricultural purposes at median levels of production.

For taxable years commencing January 1, 1993, and thereafter, property is classified and assessed at the percentages of value as follows:

### Class 1

This class consists of real property. Real property is further classified into seven subclasses. Such property is defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of market value:

#### **Type of Property**

- |  |      |
|--|------|
| 1) Real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located | 11½% |
| 2) Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to Section 12 of Article 11 of the Constitution  | 30%  |
| 3) Vacant lots   | 12%  |
| 4) Real property which is owned and operated by a not-for-profit organization not subject to federal income taxation pursuant to Section 501 of the federal Internal Revenue Code, and which is included in the subclass by law                                  | 12%  |
| 5) Public utility real property, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed   | 33%  |
| 6) Real property used for commercial and industrial purposes and building and other improvements located upon land devoted to agricultural use   | 25%  |
| 7) All other urban and rural real property not otherwise specifically subclassified  | 30%  |

## CURRENT PROPERTY VALUATIONS

	2021 Assessed Valuation
Real Estate	\$90,013,824
Personal Property	245,788
State Assessed Utilities	2,969,869
Taxable Assessed Valuation	<u>\$93,229,481</u>
Plus: Motor Vehicles	<u>13,787,434</u>
Total Equalized Assessed Tangible Valuation	<u><u>\$107,016,915</u></u>

## TREND OF ASSESSED VALUATIONS

Year	Real Property	Personal Property	State Assessed Utilities	Motor Vehicles	Total Equalized Assessed Tangible Valuation	Percent increase/decrease in Total Equalized Assessed Tangible Valuation
2017	\$60,537,165	\$237,690	\$2,070,700	\$9,098,816	\$71,944,371	7.21%
2018	67,202,576	210,125	2,163,464	10,323,533	79,899,698	11.01%
2019	75,972,100	224,417	2,309,181	11,306,533	89,812,231	13.05%
2020	81,389,282	248,289	2,455,488	11,581,485	95,674,544	7.13%
2021	90,013,824	245,788	2,969,869	13,787,434	107,016,915	10.60%

**Source:** *Current Property Valuations and Trend of Assessed Valuations have been furnished by Leavenworth County Clerk's Office.*

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Property</b>	<b>2021 Taxable Assessed Valuation</b>	<b>Percent of City's Total Taxable Assessed Valuation</b>
Evergy, Inc.	Utility	\$1,850,168	1.98%
Individual	Farm	522,371	0.56%
OBKS, LLC	Farm and Home Store	506,875	0.54%
Parkway Place, LLC	Apartments	429,400	0.46%
Pebblebrooke, LLC	Apartments	414,367	0.44%
Atmos Energy Corporation	Utility	412,848	0.44%
Community National Bank	Banking	381,847	0.41%
Falcon Lakes Golf Club	Golf Course	332,223	0.36%
Day3 Development, LLC	Developer	319,317	0.34%
Basehor Town Square, LLC	Commercial	<u>303,925</u>	<u>0.33%</u>
<b>Total</b>		<b>\$5,473,341</b>	<b>5.87%</b>

City's Total 2021 Taxable Assessed Valuation    \$93,229,481

**Source:** *Larger Taxpayers have been furnished by Leavenworth County Clerk's Office.*

## DEBT

### DIRECT DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total G.O. debt being paid from taxes (includes the Bonds)*	<u>\$19,935,000</u>
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\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.

City of Basehor, Kansas  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 06/16/2022)

Dated Amount	Refunding Bonds Series 2013-A		Improvement Bonds Series 2015-A		Refunding Bonds Series 2016-A		Improvement Bonds Series 2019-A		General Obligation Bonds Series 2020-A	
	01/30/2013 \$3,480,000	09/01	08/26/2015 \$1,295,000	09/01	06/16/2016 \$4,095,000	09/01	03/21/2019 \$2,105,000	09/01	03/26/2020 \$1,035,000	09/01
Maturity										
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	170,000	7,100	60,000	17,294	295,000	27,944	85,000	28,621	100,000	9,350
2023	175,000	10,800	60,000	33,388	300,000	49,988	85,000	55,711	100,000	16,700
2024	175,000	7,300	60,000	32,038	310,000	43,988	100,000	54,181	100,000	14,700
2025	190,000	3,800	65,000	30,088	315,000	37,788	100,000	51,181	100,000	12,700
2026			65,000	27,975	325,000	31,488	100,000	48,181	100,000	10,700
2027			65,000	25,863	330,000	24,988	100,000	45,181	105,000	8,700
2028			65,000	23,750	340,000	18,388	100,000	42,181	110,000	6,600
2029			65,000	21,475	345,000	11,588	100,000	39,181	110,000	4,400
2030			70,000	19,200	170,000	3,825	105,000	36,181	110,000	2,200
2031			75,000	16,400			105,000	33,031		
2032			80,000	13,400			110,000	29,881		
2033			85,000	10,200			115,000	26,581		
2034			85,000	6,800			115,000	23,131		
2035			85,000	3,400			125,000	19,681		
2036							125,000	15,931		
2037							130,000	12,181		
2038							130,000	8,281		
2039							135,000	4,219		
2040										
2041										
2042										
2043										
	710,000	29,000	985,000	281,269	2,730,000	249,981	1,965,000	573,520	935,000	86,050

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City of Basehor, Kansas  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Taxes  
(As of 06/16/2022)

		Refunding Bonds Series 2020-B		General Obligation Bonds Series 2022-A						
Dated Amount	Maturity	10/22/2020 \$2,840,000	09/01	06/16/2022 \$10,000,000*	09/01					
Calendar Year Ending		Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	Calendar Year Ending
2022		235,000	26,971	0	0	945,000	117,279	1,062,279	18,990,000	2022
2023		245,000	46,893	0	382,224	965,000	595,702	1,560,702	18,025,000	2023
2024		245,000	39,543	375,000	315,598	1,365,000	507,346	1,872,346	16,660,000	2024
2025		255,000	32,193	385,000	306,410	1,410,000	474,159	1,884,159	15,250,000	2025
2026		260,000	27,093	395,000	296,593	1,245,000	442,029	1,687,029	14,005,000	2026
2027		260,000	21,893	405,000	285,928	1,265,000	412,551	1,677,551	12,740,000	2027
2028		265,000	16,693	415,000	274,790	1,295,000	382,401	1,677,401	11,445,000	2028
2029		265,000	11,393	430,000	263,170	1,315,000	351,206	1,666,206	10,130,000	2029
2030		190,000	6,093	440,000	250,700	1,085,000	318,199	1,403,199	9,045,000	2030
2031		195,000	4,193	455,000	237,720	830,000	291,344	1,121,344	8,215,000	2031
2032		195,000	2,145	465,000	224,070	850,000	269,496	1,119,496	7,365,000	2032
2033				480,000	209,888	680,000	246,669	926,669	6,685,000	2033
2034				495,000	195,008	695,000	224,939	919,939	5,990,000	2034
2035				510,000	179,415	720,000	202,496	922,496	5,270,000	2035
2036				530,000	163,095	655,000	179,026	834,026	4,615,000	2036
2037				545,000	145,870	675,000	158,051	833,051	3,940,000	2037
2038				565,000	127,885	695,000	136,166	831,166	3,245,000	2038
2039				580,000	108,958	715,000	113,176	828,176	2,530,000	2039
2040				600,000	89,238	600,000	89,238	689,238	1,930,000	2040
2041				620,000	68,538	620,000	68,538	688,538	1,310,000	2041
2042				645,000	46,838	645,000	46,838	691,838	665,000	2042
2043				665,000	23,940	665,000	23,940	688,940	0	2043
		2,610,000	235,099	10,000,000	4,195,871	19,935,000	5,650,789	25,585,789		

\* Preliminary, subject to change.

## DEBT LIMIT

2021 Equalized Assessed Tangible Valuation	\$107,016,915
Multiply by 30%	<u>0.30</u>
Statutory Debt Limit	\$32,105,075
Less: Outstanding debt subject to the debt limit (includes the Bonds)*	<u>(15,964,716)</u>
Unused Debt Limit*	<u><u>\$16,140,359</u></u>

\*Preliminary, subject to change.

## OVERLAPPING DEBT<sup>1</sup>

Taxing District	2021 Taxable Assessed Valuation	% In City	Total G.O. Debt <sup>2</sup>	City's Proportionate Share
Leavenworth County	\$823,229,821	11.3000%	\$26,625,000	\$3,008,625
U.S.D. No. 458 (Basehor-Linwood)	215,276,625	43.5000%	103,555,000	45,046,425
Basehor Community Library	171,486,699	54.3000%	1,316,775	<u>715,009</u>
City's Share of Total Overlapping Debt				<u><u>\$48,770,059</u></u>

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<sup>1</sup> Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does **not** include non-general obligation debt, self-supporting general obligation revenue debt, or short-term general obligation debt.

<sup>2</sup> Outstanding debt is based on information in official statements obtained on EMMA and the Municipal Advisor's records.

**DEBT RATIOS**

	<b>G.O. Debt</b>	<b>Debt/Total Equalized Assessed Tangible Valuation \$107,016,915</b>	<b>Debt/Current Population 6,896<sup>1</sup></b>
Direct G.O. Debt Being Paid From Taxes (includes the Bonds)*	\$19,935,000	18.63%	\$2,890.81
City's Share of Total Overlapping Debt	<u>\$48,770,059</u>	<u>45.57%</u>	<u>\$7,072.22</u>
Total*	\$68,705,059	64.20%	\$9,963.03

\*Preliminary, subject to change.

**DEBT PAYMENT HISTORY**

The City has no record of default in the payment of principal and interest on its debt.

**FUTURE FINANCING**

The City has no current plans for additional financing in the next 12 months.

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<sup>1</sup> 2020 U.S. Census population.

## TAX LEVIES AND COLLECTIONS

### TAX COLLECTIONS

Levy/Budget Year	Total Taxes Levied	Total Collected Following Year	Collected to Date <sup>1</sup>	% Collected
2017	\$2,164,951	\$2,156,041	\$2,163,680	99.94%
2018	2,356,856	2,342,240	2,353,322	99.85%
2019	2,573,467	2,562,012	2,570,409	99.88%
2020	2,847,578	2,832,992	2,835,383	99.57%
2021	3,158,519	3,158,519	3,158,519	100.00%

Property taxes are certified by the City to the County Clerk by August 25 or each year for the following fiscal year. Taxes are levied by the County Clerk and payable to the County Treasurer. Property taxes may be paid in two installments, the first due December 20 in the year the taxes are levied and the second due May 10 of the following year. Taxes become delinquent after May 10 and interest accrues at a rate set by State statute until paid or until the property is sold for taxes. Special assessments are levied and collected in the same manner as property taxes.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Kansas has not taken such measures. The City cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Bonds.

**Source:** *Leavenworth County's Clerk Office.*

### TAX MILL LEVIES<sup>2</sup>

	2017	2018	2019	2020	2021
Leavenworth County	37.363	34.112	37.184	36.946	36.691
City of Basehor	34.432	33.862	32.769	33.844	33.868
U.S.D. No. 458 (Basehor-Linwood)	60.754	60.757	60.423	60.544	58.235
Basehor Community Library	7.430	7.430	7.430	7.141	7.145
Town of Fairmount	5.966	5.967	5.967	6.918	6.922

**Source:** *Leavenworth County's Clerk Office.*

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<sup>1</sup> Collections are through April 1, 2022.

<sup>2</sup> Tax Levy Rates for a Resident of the City (per \$1,000 assessed valuation).

## **ACCOUNTING, BUDGETING AND AUDITING PROCEDURES**

The City follows a modified accrual basis of accounting for all tax supported funds of the City, including the General Fund. The City follows a cash receipts and disbursement basis of accounting which is adjusted for the issuing of statements, to the accrual or modified accrual basis, as appropriate.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the City prior to August 25 of each year (or September 20 if the City must conduct a public hearing to levy taxes in excess of its revenue neutral rate described below). Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

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

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must first publish notice of a public hearing and notify, by July 20, the county clerk of the taxing subdivision’s intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer’s property from the previous year’s tax statement, (5) the appraised value and assessed value of the taxpayer’s property, (6) estimates of the tax for the current tax year on the taxpayer’s property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision’s budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the county clerk’s notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by governing body approval of a resolution or ordinance, and thereafter the taxing subdivisions will hold the public hearing and adopt the budget by majority vote of its governing body. The amount of tax to be levied and the adopted budget must be certified to the county clerk by October 1. The taxing subdivision’s adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.

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

## **THE ISSUER**

### **CITY GOVERNMENT**

The City was incorporated in 1965 and is city of the third class. The City operates under a Mayor/Council form of government and the Mayor and the City Council are elected at large to four-year terms. The Mayor presides over Council meetings and appoints certain City Officials, including the City Administrator, subject to Council approval. The City Administrator is responsible for administrative details and financial records.

### **EMPLOYEES; PENSIONS; UNIONS**

The City currently has 37 full-time employees. The City participates in the Kansas Police and Fire Retirement System (KP&F), which is part of a cost-sharing, multiple-employer defined benefit pension plan. The City collects and remits member-employee contributions according to the provision of Section 414(h) of the Internal Revenue Code. KP&F is funded on an actuarial reserve basis. The City does not currently participate in the Kansas Public Employees Retirement Plan (KPERs). City Employees who are not eligible for KP&F are enrolled in a deferred compensation plan authorized under IRS code section 457(b).

See the Notes to Financial Statements in Appendix A for additional information.

### **Recognized and Certified Bargaining Units**

The City does not have any recognized and certified bargaining units.

### **OTHER POST EMPLOYMENT BENEFITS**

The City does not pay directly for retirees' post-employment benefits. The City has some obligations for post-employment benefits as mandated by State Statutes. Specifically, the City is required to allow retirees to be covered by the City's health care plan as long as the retiree pays his/her premiums. Retiree membership in a health care plan typically increases costs of the premiums. This increased cost is commonly known as implicit price subsidy.

### **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 Bonds or the validity of said Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

## MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Kansas municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Bonds are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Bonds. Such modifications could be adverse to holders of the Bonds and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds.

## FUNDS ON HAND (As of March 31, 2022)

<b>Fund</b>	<b>Total Cash and Investments</b>
General Fund	\$3,134,182
Special Highway Fund	3,727,282
Glenwood Fund	119,816
Special Drug & Alcohol Fund	59,102
Debt Service Fund	1,023,824
Sewer Fund	3,653,487
Capital Improvement Fund	1,950,705
ARPA	495,988
Solid Waste	66,069
Parks & Recreation	315,061
Employee Benefit	676,883
Cedar Lakes	112,833
<b>Total Funds on Hand</b>	<b><u>\$15,335,232</u></b>

## ENTERPRISE FUNDS

Cash flows for the City's enterprise funds have been as follows as of December 31 each year:

	2018	2019	2020
<b>Sewer Utility</b>			
Total Operating Revenues	\$2,082,862	\$1,517,720	\$1,674,960
Less: Operating Expenses	<u>(1,384,563)</u>	<u>(1,468,720)</u>	<u>(1,323,599)</u>
Operating Income	\$698,299	\$49,000	\$351,361
Plus: Depreciation	<u>716,589</u>	<u>612,869</u>	<u>503,256</u>
Revenues Available for Debt Service	<u><u>\$1,414,888</u></u>	<u><u>\$661,869</u></u>	<u><u>\$854,617</u></u>
<b>Solid Waste Utility</b>			
Total Operating Revenues	\$403,742	\$414,303	\$524,840
Less: Operating Expenses	<u>(388,909)</u>	<u>(412,762)</u>	<u>(510,996)</u>
Operating Income	\$14,833	\$1,541	\$13,844
Plus: Depreciation	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$14,833</u></u>	<u><u>\$1,541</u></u>	<u><u>\$13,844</u></u>



## SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the City's 2020 audited financial statements. The City anticipates accepting its 2021 audited financial statements on or about May 25, 2022 and including such audited financial statements in the Final Official Statement for the Bonds. [The City does not anticipate that the general fund performance will be materially different than that shown in the unaudited information below.]

		FISCAL YEAR ENDING DECEMBER 31				
COMBINED STATEMENT		2018	2019	2020	2021	2022
		Audited	Audited	Audited	Unaudited 1)	Adopted Budget 2)
Revenues						
Taxes		\$ 2,291,727	\$ 2,185,932	\$ 2,349,775	\$ 2,631,170	\$ 4,159,539
Franchise taxes		0	268,678	285,300	297,914	321,500
Licenses, permits and fees		256,548	150,657	238,441	250,219	225,720
Fines, forfeitures and penalties		105,730	135,664	81,027	93,253	120,000
Use of property		32,615	45,000	40,000	0	0
Interest income		0	37,015	14,354	3,766	20,000
Miscellaneous		44,669	10,500	8,366	3,060	20,500
<b>Total Revenues</b>		<b>\$ 2,731,289</b>	<b>\$ 2,833,446</b>	<b>\$ 3,017,263</b>	<b>\$ 3,279,382</b>	<b>\$ 4,867,259</b>
Expenditures						
Current:						
General government		\$ 778,829	\$ 1,039,294	\$ 1,204,677	\$ 1,467,977	\$ 3,366,783
Public works		254,273	289,523	299,359	297,194	389,027
Culture and recreation		75,757	71,302	0	0	0
Public safety		963,052	1,061,520	1,129,168	1,135,089	1,165,290
Neighborhood revitalization cost		0	22,122	12,133	3,364	0
Capital outlay		0	0	43,317	46,455	201,500
<b>Total Expenditures</b>		<b>\$ 2,071,911</b>	<b>\$ 2,483,761</b>	<b>\$ 2,688,654</b>	<b>\$ 2,950,079</b>	<b>\$ 5,122,600</b>
<b>Excess of revenues over (under) expenditures</b>		<b>\$ 659,378</b>	<b>\$ 349,685</b>	<b>\$ 328,609</b>	<b>\$ 329,303</b>	<b>\$ (255,341)</b>
<b>Other Financing Sources (Uses)</b>						
CARES Act reimbursement		\$0	\$0	\$39,937	\$0	\$0
Operating transfers in		247,500	0	0	0	0
Operating transfers out		(91,200)	(591,200)	(193,829)	(60,000)	0
<b>Total Other Financing Sources (Uses)</b>		<b>\$ 156,300</b>	<b>\$ (591,200)</b>	<b>\$ (153,892)</b>	<b>\$ (60,000)</b>	<b>\$0</b>
<b>Net changes in Fund Balances</b>		<b>\$ 815,678</b>	<b>\$ (241,515)</b>	<b>\$ 174,717</b>	<b>\$ 269,303</b>	<b>\$ (255,341)</b>
General Fund Balance January 1		\$ 1,997,792	\$ 2,813,470	\$ 2,571,955	\$ 2,746,672	
Prior Period Adjustment		0	0	0	0	
Residual Equity Transfer in (out)		0	0	0	0	
General Fund Balance December 31		\$ 2,813,470	\$ 2,571,955	\$ 2,746,672	\$ 3,015,975	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>						
Unassigned		\$ 2,813,470	\$ 2,571,955	\$ 2,746,672	\$ 3,015,975	
<b>Total</b>		<b>\$ 2,813,470</b>	<b>\$ 2,571,955</b>	<b>\$ 2,746,672</b>	<b>\$ 3,015,975</b>	

1) The unaudited is as of May 13, 2022.

2) The 2022 budget was adopted on August 25, 2021.

## GENERAL INFORMATION

### LOCATION

The City, with a 2010 U.S. Census population of 4,192, a 2020 U.S. Census population of 6,896 and comprising an area of 6.80 square miles, is located approximately 20 miles West of the Kansas City, Kansas Metropolitan area.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers within the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>No. of Employees</b>
U.S.D. No. 458 (Basehor-Linwood)	Elementary and secondary education	500
Miles Excavating	Excavating contractors	100
Leavenworth Lansing Nurseries	Landscape contractors	50
J & K Food Sales, Inc.	Grocers-retail	44
The City	Municipal government and services	37
SONIC Drive-in	Restaurant	28
Cse, Inc.	Graphic designers- embroidery	27
Little Angels Learning Center	Child care services	25
Simple Simon's Pizza	Full-service restaurants	20

**Source:** *Data Axle Reference Solutions, written and telephone survey (March 2022), and the Kansas Labor Information Center.*

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors - Impact of the Spread of COVID-19").

## BUILDING PERMITS

	2018	2019	2020	2021	2022 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	108	61	119	116	9
Valuation	\$20,641,381	\$11,077,401	\$19,382,430	\$19,937,571	\$1,553,350
<u>New Multiple Family Buildings</u>					
No. of building permits	14	1	10	4	1
Valuation	\$3,669,820	\$332,944	\$2,631,650	\$848,016	\$296,358
<u>New Commercial/Industrial</u>					
No. of building permits	0	2	2	1	2
Valuation	\$0	\$3,155,529	\$10,712,628	\$10,284	\$1,188,254
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	122	71	140	125	13
Valuation	\$24,311,323	\$14,503,775	\$32,782,062	\$20,795,871	\$3,937,962

**Source:** The City.

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<sup>1</sup> As of March 31, 2022.

## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census	4,192
2020 U.S. Census	6,896
Percent of Change 2010 - 2020	39.21%

### Income and Age Statistics

	<b>The City</b>	<b>Leavenworth County</b>	<b>State of Kansas</b>	<b>United States</b>
2020 per capita income	\$36,018	\$32,893	\$31,814	\$35,384
2020 median household income	\$84,906	\$76,307	\$59,597	\$64,994
2020 median family income	\$94,119	\$89,588	\$75,976	\$80,069
2020 median gross rent	\$1,054	\$991	\$850	\$1,096
2020 median value owner-occupied units	\$237,900	\$195,000	\$151,900	\$229,800
2020 median age	36.9 yrs.	37.9 yrs.	36.7 yrs.	38.2 yrs.

	<b>State of Kansas</b>	<b>United States</b>
City % of 2020 per capita income	113.21%	101.79%
City % of 2020 median family income	123.88%	117.55%

### Housing Statistics

	<b><u>The City</u></b>		
	<b>2010</b>	<b>2020</b>	<b>Percent of Change</b>
All Housing Units	1,734	2,241	29.24%

**Source:** 2010 and 2020 Census of Population and Housing, and 2020 American Community Survey (Based on a five-year estimate), U.S. Census Bureau ([www.factfinder2.census.gov](http://www.factfinder2.census.gov)).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

<b>Year</b>	<b><u>Average Employment</u></b>	<b><u>Average Unemployment</u></b>	
	<b>Leavenworth County</b>	<b>Leavenworth County</b>	<b>State of Kansas</b>
2018	34,993	3.6%	3.3%
2019	35,329	3.4%	3.2%
2020	34,611	5.8%	5.9%
2021	35,624	3.3%	3.2%
2022, March	36,013	3.2%	2.5%

**Source:** Kansas Department of Labor (<http://klic.dol.ks.gov>).

### FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



## **CITY OF BASEHOR, KANSAS**

**Financial Statements for the  
Year Ended December 31, 2020  
And Independent Auditors' Report**

# CITY OF BASEHOR, KANSAS

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Michael D. Perro CPA, PA

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Baschior, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baschior, Kansas, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Accounting and Audit Guide, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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104 N. 6<sup>th</sup> St. Ste F  
Atchison, KS 66002  
913-367-5163  
Fax 913-367-5164

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baschior, Kansas, as of December 31, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund, consolidated highway fund, capital improvements reserve fund, employee benefit fund and bond and interest fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards information are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with government Auditing Standards, we have also issued our report dated June 18, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on



compliance. That report is an integral part of an audit perform in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

*Michael D. Perco, CPA, PA*

Michael D. Perco, CPA PA

Olathe, Kansas

June 18, 2021

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CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

As management of the City of Basehor (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here along with the City's basic financial statements which begin on page 14, and the related notes to the basic financial statements which begin on page 29.

**Financial Highlights**

- The assets and deferred outflow of resources of the City increased 6.21% from 2020. Total assets and deferred outflow of resources at December 31, 2020 was \$40,774,888 compared to \$38,390,956 at December 31, 2019.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2020 and 2019 by \$24,760,791 and \$21,404,531, respectively (net position).
- The City's total net position increased by \$3,058,160. The Governmental Activities increased \$2,332,778 and the Business Type Activities increased \$725,382.
- The City's capital assets at December 31, 2020 were \$25,674,109, \$13,001,051 in Governmental Activities and \$12,673,058 in Business type Activities. The City had capital asset additions of \$633,761 and depreciation expense of \$1,488,588 in 2020.
- As of December 31, 2020, the City's governmental funds reported combined ending fund balances of \$8,974,940, an increase of \$2,152,585 from the prior year. The primary reason for the overall increase in fund balance of the City's governmental funds was attributable to the receiving of a SPARK grant of \$1,220,728.
- At December 31, 2020, the fund balance for the General Fund was \$2,746,672 or 91% of general fund revenues.
- The City's total debt, decreased by \$1,225,000 during 2020 to a total of \$10,870,000. The key factor in this decrease was the refinancing of the 2012 GO Bonds.
- The Net Pension Liability as of the end of the year is \$1,767,209, an increase of \$335,909.
- The City received a SPARK grant which was part of the CARES Act for \$1,220,728.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the City include general government, public safety, public works, and community services. The business-type activities of the City include sewer and solid waste.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities. The City maintains 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Consolidated Highway Fund, Capital Improvements Fund, Employee Benefit Fund, and Bond and Interest Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 52-55 of this report.

The City adopts an annual appropriated budget of which the General Fund is the primary fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

Proprietary funds

The City maintains two different types of proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for its sewer operation and solid waste operation. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Individual fund data for these funds are on pages 26-28.

Notes to the Basic Financial Statements

The notes to the basic financial statements begin on page 29. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

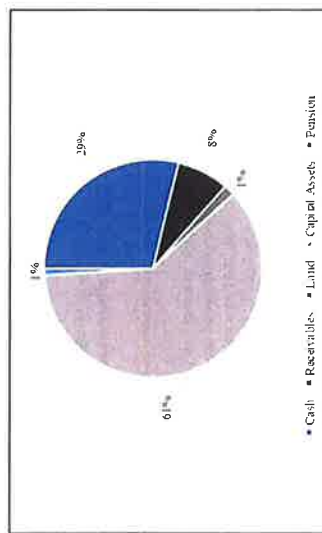
As noted earlier, net position may serve, over time, as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,760,791 at December 31, 2020. The City's net position increased by \$3,058,160. Governmental activities increased net position by \$2,332,778 while business-type activities increased net position by \$725,382 in 2020.

The following is a comparative summary of Statements of Net Position at December 31, 2020 and 2019:

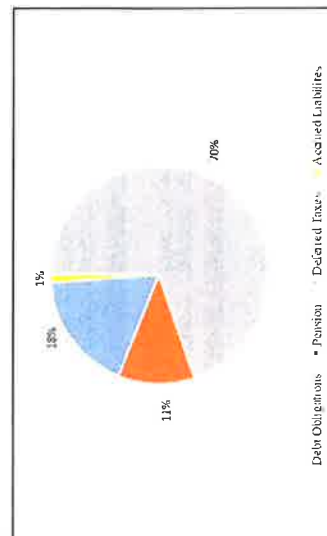
	Governmental Activities		Business Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>ASSETS:</b>						
Current and other assets	\$ 12,285,413	\$ 9,075,132	\$ 2,815,366	\$ 2,186,689	\$ 15,100,779	\$ 11,862,021
Capital assets	13,091,051	13,371,638	12,673,058	13,137,238	25,674,109	26,538,856
<b>Total Assets</b>	<b>\$ 25,386,464</b>	<b>\$ 22,046,770</b>	<b>\$ 15,488,424</b>	<b>\$ 15,343,987</b>	<b>\$ 40,774,888</b>	<b>\$ 38,390,957</b>
<b>LIABILITIES:</b>						
Current and other liabilities	\$ 3,580,783	\$ 1,840,749	\$ 452,512	\$ 989,031	\$ 4,033,295	\$ 2,829,770
Long-term liabilities	7,708,216	9,521,895	4,293,586	4,655,112	12,000,802	14,176,957
<b>Total Liabilities</b>	<b>11,288,999</b>	<b>11,362,584</b>	<b>4,745,998</b>	<b>5,634,143</b>	<b>16,014,997</b>	<b>16,986,727</b>
<b>NET POSITION:</b>						
Net assets or capital assets	6,536,944	6,044,859	7,986,572	7,612,316	14,503,516	14,197,266
Restricted	1,028,204	845,131	1,028,204	1,028,204	2,056,408	1,873,335
Unrestricted	6,652,117	4,184,105	2,774,754	2,107,558	9,227,071	6,451,833
<b>Total Net Position</b>	<b>14,017,465</b>	<b>11,084,386</b>	<b>10,743,326</b>	<b>9,719,844</b>	<b>24,790,791</b>	<b>21,494,219</b>
	<b>\$ 25,386,464</b>	<b>\$ 22,046,770</b>	<b>\$ 15,488,424</b>	<b>\$ 15,343,987</b>	<b>\$ 40,774,888</b>	<b>\$ 38,390,957</b>

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
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The largest portion of the City's net assets, 61%, reflects its investments in capital assets (e.g. land, buildings, equipment, improvements, and infrastructure) and cash. 29% reflects investments in certificate of deposits, bank accounts, and municipal investment pool. The City had unrestricted cash of \$10,516,496 and restricted cash of \$1,028,204 at December 31, 2020. The restricted cash is for bond and interest debt service payments and for the Falcon Lakes impact fees.



The following is an allocation of the liabilities and deferred inflow of resources at December 31, 2020:



The total liabilities of the City decreased \$1,293,236 from 2019. The decrease in liabilities was result of the City refinancing General obligation bonds, paying down bonds and adjusting bond premiums to reflect actual amounts. General obligation bonds account for 70% of the total liabilities.

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

The City has a Current Ratio of 3.44 at December 31, 2020. The Current Ratio compares the current assets to current liabilities. This ratio determines whether the City can meet its current obligations. The current ratio in 2019 was 4.66. A ratio greater than 2 is considered excellent.

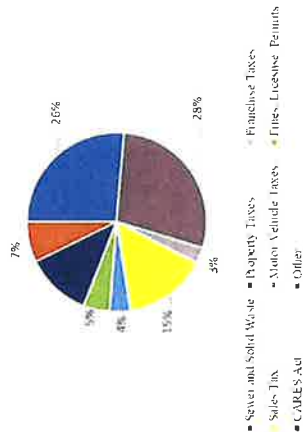
Analysis of the City's Operations - Overall the City had an increase in net assets of \$3,058,160. Tax revenues increased \$185,937, of which sales tax accounted for 76% of the increase. The City received a CARES Act grant which accounted for 17% of the revenues and 81% of the total revenues for the governmental activities. Sewer and solid waste charges increased 14.10% which was related to an increase in rates and an increase in sewer customers. Sewer and solid waste operating expenses decreased 1.84% to \$1,945,417 in 2020 compared to \$1,981,826 in 2019.

The following is a comparison of the City's operations for 2020 and 2019:

REVENUES	Governmental Activities				Business Type Activities				Total	
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change	% Change
Program Revenues:										
Charges for services	\$ 17,006	\$ 44,283	11.90%	\$ 2,048,408	\$ 2,053,271	93.43%	\$ 2,065,414	\$ 2,097,554	93.27%	19.27%
Grants	7,583,731	2,984,236	-4.38%				7,583,731	2,984,236	-4.38%	-4.38%
Transfer fees	4,599	4,599	2.13%				4,599	4,599	2.13%	2.13%
License fees	1,065,816	1,254,446	10.44%				1,065,816	1,254,446	10.44%	10.44%
Other fees	1,159	77,629	72.46%				1,159	77,629	72.46%	72.46%
Other income	75,044	175,013	44.81%				75,044	175,013	44.81%	44.81%
Interest income	1,207,278	1,382,000	-9.55%				1,207,278	1,382,000	-9.55%	-9.55%
CARES Act grant	1,207,278			1,207,278			1,207,278			
Other	1,207,278			1,207,278			1,207,278			
Total Program Revenues	7,583,731	5,228,693	16.89%	2,048,408	2,053,271	14.10%	9,632,139	7,281,964	31.97%	31.97%
Operating Expenses										
Personnel	1,464,091	1,464,091	21.34%				1,464,091	1,464,091	21.34%	21.34%
Public utility	1,464,091	1,464,091	3.67%				1,464,091	1,464,091	3.67%	3.67%
Contract and supplies	2,296,466	2,296,466	10.90%				2,296,466	2,296,466	10.90%	10.90%
Interest expense	16,453	16,453	10.49%				16,453	16,453	10.49%	10.49%
Other	1,464,091	1,464,091	10.49%				1,464,091	1,464,091	10.49%	10.49%
Total Operating Expenses	5,022,212	5,228,693	-12.07%				5,022,212	5,228,693	-12.07%	-12.07%
Change in net assets	\$ 2,561,519	\$ 1,981,826	29.24%	\$ 1,207,278	\$ 1,207,278	93.43%	\$ 3,768,797	\$ 3,189,104	18.33%	18.33%

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

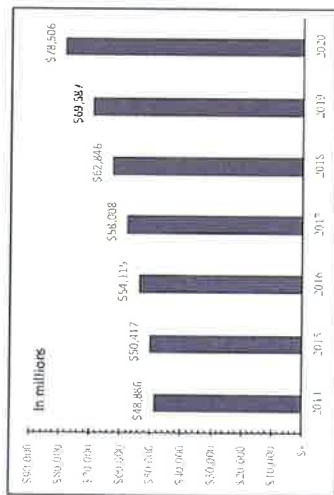
The following represents the allocation of the City's revenues:



Property taxes, which includes special assessments, accounted for 28% and 37% of the total revenues in 2020 and 2019, respectively. Property taxes account for 52% and 59% of the tax revenues in 2020 and 2019, respectively. To determine property taxes, the county appraiser provides an appraisal for the various properties in the City. Once the appraisal has been determined, the appraised value is converted to an assessed value, which is established by the state. For homeowners the assessment percentage is 11.5% of the appraised value, and commercial properties is 25% of the appraised value. In 2020 and 2019 the City had 2,339 and 2,244 housing units, respectively, and 67 and 62 commercial properties, respectively.

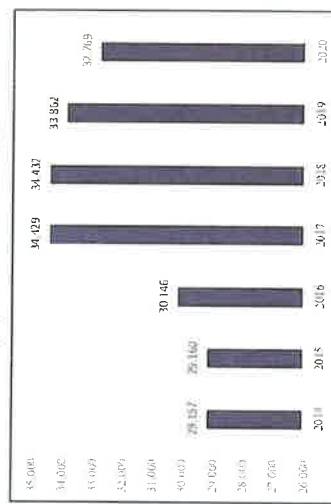
CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

The following represents the assessed value obtained from the annual budget filings:



The assessed value has increased at a compounded annual growth rate of (CAGR) of 7.00% from 2014. The increase in value is attributed to the increase in the appraised value of properties and the increase in population growth, which has increased at a CAGR of 3.44% since 2014.

The mill levy is the "tax rate" that is applied to the properties. One mill is \$1 per \$1,000 dollars of assessed value. In 2020 and 2019, one mill was valued at \$78,506 and \$69,587, respectively, per \$1,000 dollars of assessed value. The following represents the actual mill levies:



CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the main operating fund of the City. At the end of 2020, unassigned fund balance of the fund was \$2,746,676, which is 91% of the total General Fund revenues. The fund balance of the General Fund increased by \$174,717 during 2020. The revenues increased by \$183,817 (6.5%). Expenditures increased by \$204,893 (8.25%).

The Consolidated Highway Fund had a total fund balance of \$2,915,641 of which \$514,252 is restricted. The net increase in the fund balance during 2020 was \$812,199. The increase was caused by the decrease in capital outlays in 2020, compared to 2019.

The Capital Improvements Reserve Fund had a total fund balance of \$2,190,437 which represented an increase of \$1,193,907. The increase was related to receiving a CARES act grant.

The Employee Benefit Fund had a total fund balance of \$256,335 which represented a decrease of \$129,092.

The Bond and Interest Fund had a total fund balance of \$513,952 which represented an increase of \$48,054.

**Proprietary funds**

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Sewer Utility Fund at the end of 2020 and 2019 was \$10,641,548 and \$9,633,792, respectively; and the Solid Waste Fund was \$101,778 and \$86,052, respectively. The total change in net position for the Sewer Utility and Solid Waste Utility was \$725,383 in 2020.

The Sewer Utility Fund had an Operating Ratio of 2.04 and 1.77 in 2020 and 2019, respectively. This ratio compares the sewer charges to operating expenses, less depreciation. A ratio greater than 1.20 is an indication that the rates are adequate.

**Budgetary Highlights**

Property taxes are determined by assessed values and mill levies. The City is required to have balance budgets for their levy funds. As a result, property taxes are a key source of revenue for the City. In 2020, property taxes collected were \$20,972 less than budget. Sales tax budget revenue was \$1,234,861 and the actual sales tax was \$1,495,836 which is \$260,975 more than budget. Total budgeted expenditures were \$10,944,250 compared to actual of \$7,834,607 or 28.4% of the budget was not spent. As part of the

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

budgeting process the City budgets for a contingency reserve for unforeseen expenditures. There were no budget compliance violations.

**Capital Asset and Debt Administration**

**Capital assets**

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, totaled \$25,674,109 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment, streets and sewer lines. More detailed information about the City's capital assets is presented in Note 6 to the Basic Financial Statements.

Major capital asset events in 2020 consist of the following:

- The City paid \$50,928 for a new basketball court.
- The City paid \$18,706 for a video system for the council room.
- The City completed the renovating of the Police Department building for \$125,902.
- The City paid \$167,077 for a 2020 Ford F150 and various security systems.

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land						
Buildings, equipment, infrastructure	\$ 610,659	\$ 614,759	\$	\$	\$ 610,659	\$ 614,759
Construction in progress	29,325,123	28,837,608	28,751,351	28,772,235	58,076,474	57,609,844
Accumulated depreciation	(17,065,061)	(16,080,729)	(16,078,263)	(15,575,037)	(33,143,324)	(31,655,566)
Total	\$ 13,001,001	\$ 13,371,638	\$ 12,673,088	\$ 13,197,268	\$ 25,674,109	\$ 25,523,020

**Long-term debt**

The following represents the outstanding debt at December 31, 2020:

Description	Date of Issuance	Maturity		Interest Rate		Governmental Activities		Business Type Activities		Total	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Refunding and Improvement Series 2015	8/26/2015	8/26/2021	2.00% - 3.00%	\$	\$	\$	\$	\$	\$	\$	\$
Refunding Series 2017	1/12/2017	1/12/2022	2.00%	880,000	1,045,000			1,925,000	1,925,000	1,925,000	1,925,000
Improvement Series 2018	8/26/2018	8/26/2025	2.00% - 4.00%	952,346	445,000	242,254	254,000	1,194,600	699,000	1,439,854	1,393,000
Improvement Series 2019A	7/13/2019	7/13/2029	1.75% - 3.175%	2,070,000	7,075,000	1,020,000	5,395,000	2,040,000	12,490,000	3,060,000	15,550,000
Improvement Series 2019B	7/13/2019	7/13/2029	2.00% - 3.175%	1,000,000	2,000,000	500,000	1,000,000	1,500,000	3,000,000	2,500,000	5,500,000
Refunding Series 2020A	3/25/2020	3/25/2030	2%	1,000,000				1,000,000		1,000,000	
Refunding Series 2020B	10/27/2020	10/27/2037	3.00%	250,121	250,121	134,750	134,750	384,871	384,871	769,621	769,621
Total Governmental Activities				5,092,367	6,960,000	2,897,004	5,207,750	7,894,808	11,196,571	12,791,812	17,375,621
Total Business Type Activities						2,000	2,000	2,000	2,000	4,000	4,000
Total Outstanding Debt						2,899,004	5,209,750	9,896,808	11,198,571	12,795,812	17,379,621

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
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In 2020, the City issued Improvement Bonds and Refunding Bonds in the amounts of \$1,035,000 and \$2,840,000, respectively.

The rating for the City's general obligation bonds is an AA+/Stable rating from Standard & Poor's (S&P) which was upgraded from AA.

State statutes limit the amount of general obligation debt a governmental entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$27,026,155 which is significantly higher than the City's outstanding general obligation bonds.

**Request for Information**

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Clerk/Finance Department at 2620 North 155<sup>th</sup> Street, Basehor, Kansas 66007 or (913) 724-1370.

## CITY OF BASEHOR, KANSAS

GOVERNMENT-WIDE STATEMENT OF NET POSITION  
DECEMBER 31, 2019

## ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government	
	Governmental Activities	Business-type Activities
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	7,950,361 \$	2,566,115 \$
Receivables		
Taxes	2,846,078	-
Municipal court	10,677	-
Accounts	40,930	249,231
Total current assets	10,848,046	2,815,266
<b>NONCURRENT ASSETS:</b>		
Nondepreciable capital assets		
Construction in process	91,130	-
Land	659,659	-
Total nondepreciable capital assets	751,789	-
Depreciable capital assets		
Fixed assets	29,323,123	28,751,151
Less accumulated depreciation	(17,066,001)	-
Total depreciable capital assets	12,257,082	12,673,052
Total capital assets	13,009,871	12,673,052
Restricted cash and cash equivalents	1,028,204	-
Total investments	14,037,235	12,673,052
Total deferred outflows of resources	24,877,301	15,588,424
<b>Total</b>	<b>49,168,437</b>	<b>40,774,888</b>

## DEFERRED OUTFLOW OF RESOURCES:

Fiduciary liability	409,163	-
Total deferred outflow of resources	409,163	-
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 49,577,600</b>	<b>\$ 40,774,888</b>

## LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	13,568 \$	735 \$
Accrued interest payable	11,863	7,991
Accrued interest payable	21,516	49,606
Compensated absences payable	30,138	101,274
Current portion of general obligation bonds payable	13,705	26,475
Total current liabilities (payable from current assets)	570,134	411,900
<b>NONCURRENT LIABILITIES:</b>		
Net pension liability	1,767,209	-
General obligation bonds payable	5,941,007	4,292,586
Total noncurrent liabilities	7,708,216	4,292,586
<b>Total liabilities</b>	<b>8,278,350</b>	<b>4,704,486</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unavailable revenue - property taxes	2,846,078	-
Pension liability	40,930	-
Total deferred inflows of resources	2,886,999	-
<b>Total liabilities and deferred inflows of resources</b>	<b>11,165,349</b>	<b>4,704,486</b>
<b>NET POSITION:</b>		
Net investment in capital assets	6,516,944	7,988,572
Restricted fund	-	-
Debt service	513,952	-
Capital outlay	514,252	514,252
Total restricted	1,028,204	1,028,204
Unrestricted	6,452,317	9,227,071
Total net position	14,017,465	24,760,791
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 25,182,814</b>	<b>\$ 29,465,277</b>

See accompanying notes to basic financial statements

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## CITY OF BASEHOR, KANSAS

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Activities	Total
Governmental activities:						
General government	\$ 2,565,690	\$	\$	\$ (2,565,690)	\$	\$ (2,565,690)
Public safety	1,246,820	81,027		(1,165,793)		(1,165,793)
Public works	1,127,557	338,057		(789,500)		(789,500)
Culture and recreation	114,604	55,000		(59,604)		(59,604)
Interest on long-term debt	187,357			(183,357)		(183,357)
Total governmental activities	5,042,028	474,084		(4,567,944)		(4,567,944)
Business-type activities:						
Sewer Utility	1,434,422	2,123,260		688,838		688,838
Solid Waste Utility	510,596	524,840		13,844		13,844
Total business-type activities	1,945,018	2,648,100		702,682		702,682
Total primary government	\$ 6,987,046	\$ 3,122,184	\$	(4,567,944)		(3,865,262)
General Revenues:						
Property taxes levied for:						
General purposes		2,186,109				2,186,109
Debt Service		391,532				391,532
Franchise tax		285,300				285,300
Liquor tax		43,991				43,991
Sales tax		1,495,836				1,495,836
Motor vehicle tax		379,692				379,692
Excise tax		133,619				133,619
Highway tax		181,319				181,319
Impact fees		72,150				72,150
Specials		276,072				276,072
Interest earnings		46,475			10,790	57,265
CARES Act grant		1,220,728				1,220,728
Miscellaneous		156,625			43,184	199,809
Transfers, net		31,274			(51,274)	
Total general revenues		6,900,722			22,700	6,923,422
Change in net assets		2,332,778			725,382	3,058,160
Net position at beginning of year		11,684,687			9,715,844	21,400,531
Prior period adjustment					298,100	298,100
Net position at end of year		\$ 14,017,465			\$ 10,743,326	\$ 24,760,791

See accompanying notes to basic financial statements.

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## CITY OF BASEHOR, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	General	Consolidated Highway	Capital Improvements Reserve
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 2,750,301	\$ 2,401,389	\$ 2,190,437
Receivables			
Taxes	1,721,751		
Municipal court	10,677		
Accounts	40,930		
Restricted cash and cash equivalents		514,252	
	<u>\$ 4,523,659</u>	<u>\$ 2,915,641</u>	<u>\$ 2,190,437</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 13,568	\$ -	
Accrued liabilities	41,664		
Total liabilities	<u>55,232</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - property taxes	1,721,751		
Total deferred inflows of resources	<u>1,721,751</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>1,776,983</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE:</b>			
Restricted		514,252	
Assigned	2,746,676	2,401,389	2,190,437
Unassigned	<u>2,746,676</u>	<u>2,915,641</u>	<u>2,190,437</u>
Total fund balance	<u>\$ 4,523,659</u>	<u>\$ 2,915,641</u>	<u>\$ 2,190,437</u>

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See accompanying notes to basic financial statements.



	Employee Benefit	Bond and Interest	Non-Major Governmental Funds	Total
\$	256,335 \$	- \$	351,899 \$	7,950,361
	609,173	433,773	81,381	2,846,078
				10,677
				40,930
				1,028,204
\$	865,508 \$	513,952	433,280 \$	11,876,250
		947,725 \$		
\$				
	609,173	433,773	81,381	2,846,078
	609,173	433,773	81,381	2,846,078
	609,173	433,773	81,381	2,901,310
	256,335	513,952	351,899	1,028,204
				5,200,060
	256,335	513,952	351,899	2,746,676
				8,974,940
\$	865,508 \$	947,725 \$	433,280 \$	11,876,250

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CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

Total Governmental Fund Balances	\$ 8,974,940
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
The cost of capital assets is	30,067,112
Accumulated depreciation is	(17,066,061)
	13,001,050
Pension contributions are reported as an expense in the funds as a deferred outflow of resources in the governmental activities in the statement of net position	409,163
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position	(1,811,740)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year end consist of:	
General obligation bonds payable	6,464,107
Lease payable	-
Interest payable	73,136
Compensated absences payable	18,705
	(6,555,948)
Net Position of Government Activities	\$ 14,017,465

See accompanying notes to the basic financial statements.

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CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Consolidated Highway	Capital Improvements Reserve
Revenues:			
County and state taxes	\$ 2,349,775	\$ 901,190	\$ 176,851
Franchise taxes	285,500	-	-
Excise taxes	-	133,619	-
Impact fees	-	72,150	-
Special assessments	-	-	-
Licenses, permits and fees	238,441	-	-
Fines, forfeitures and penalties	8,027	-	-
Use of property	40,000	-	-
Interest income	14,354	14,565	8,827
Miscellaneous	8,366	-	145,582
Total Revenues	3,017,263	1,121,524	331,260
Expenditures:			
Current			
General government	1,204,677	309,325	2,855
Public works	299,359	-	-
Culture and recreation	-	-	-
Public safety	1,129,168	-	-
Neighborhood revitalization cost	12,133	-	-
Construction in progress	-	-	91,330
Capital outlay	43,317	-	226,960
Debt services	-	-	-
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	2,688,654	309,325	321,145
Excess (deficiency) of revenues over (under) expenditures	328,609	812,199	10,115
Other financing sources (uses):			
Transfers in	-	-	-
CARES Act reimbursement	39,937	-	1,180,791
Proceeds from bond issuance	-	-	1,082,720
Bond issuance costs	-	-	(34,369)
Principal payment on bond	-	-	(1,045,350)
Transfers (out)	(193,829)	-	-
Total other financing sources (uses)	(153,892)	-	1,183,792
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses)	174,717	812,199	1,193,907
Fund balance at beginning of year	2,571,955	2,103,442	996,530
Fund balance at end of year	\$ 2,746,672	\$ 2,915,641	\$ 2,190,437

See accompanying notes to basic financial statements.

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CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

Total Net Change in Fund Balances - Government Funds	\$	2,152,585
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	584,165	
Depreciation expense	(985,333)	(401,168)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest increased.		269
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		62,343
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		3,154,292
Repayment of capital leases is an expenditure in the government funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		
Issuance of bond proceeds is a financing source in the government funds, but increases long-term debt in the statement of net assets and does not affect the statement of activities		(2,673,797)
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities		38,254
Changes In Net Position of Governmental Activities	\$	2,332,778

See accompanying notes to the basic financial statements. 21

Employee Benefit	Bond and Interest	Non-Major Governmental Funds	Total
\$ 656,935	\$ 488,647	\$ 105,081	\$ 4,678,479
			285,300
			133,619
			72,150
	276,072		276,072
		99,616	338,057
			81,027
		15,000	55,000
2,117	4,764	1,848	46,475
		2,677	156,625
659,052	769,483	224,222	6,122,804
			2,301,553
784,696		50,396	349,755
		91,820	91,820
			1,129,168
3,448	50	476	16,107
		222,559	91,330
			492,836
	2,108,942		2,108,942
	183,622		183,622
788,144	2,292,614	365,251	6,765,133
		(141,029)	(642,329)
(129,092)	(1,523,131)		225,103
	31,274	193,829	1,220,728
	1,591,076		2,673,796
	(51,165)		(85,534)
			(1,045,350)
			(193,829)
	1,571,185	193,829	2,794,914
			2,152,585
(129,092)	48,054	52,800	6,827,351
385,427	465,898	299,099	8,974,936
356,335	513,952	351,899	

See accompanying notes to basic financial statements. 20

## CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts	Variance with Final Budget Positive (Negative)
				Original Final	
<b>Revenues:</b>					
Taxes	\$ 2,349,775	\$ -	\$ 2,349,775	\$ 2,286,647	\$ 63,128
Franchise taxes	245,300				285,300
Licenses and permits	238,441			193,300	45,141
Fines, forfeitures and penalties	81,027	3,379	84,406	145,000	(60,594)
Use of property	40,000		40,000	43,000	(3,000)
Interest income	14,354		14,354	15,000	(646)
Miscellaneous	8,366		8,366	5,000	3,366
<b>Total Revenues</b>	<b>3,017,263</b>	<b>3,379</b>	<b>3,020,642</b>	<b>2,687,947</b>	<b>332,695</b>
<b>Expenditures:</b>					
General Administration					
Personal services	454,822		454,822	466,148	11,326
Contractual services	663,036		663,036	524,150	(138,886)
Commodities	88,819		88,819	102,850	16,031
Capital outlay	34,921		34,921	1,570,700	1,535,779
Neighborhood revitalization	12,133		12,133	45,000	32,867
	1,251,721	-	1,251,721	2,708,848	1,457,127
Public Safety					
Personal services	979,113		979,113	1,060,243	81,130
Contractual services	115,323		115,323	122,250	6,927
Commodities	34,732		34,732	53,200	17,468
	1,129,168	-	1,129,168	1,234,693	105,525
Highways and Streets					
Personal services	275,430		275,430	303,154	27,724
Contractual services	17,435		17,435	22,000	4,565
Commodities	6,494		6,494	16,250	9,756
Capital outlay	8,396		8,396	10,000	1,604
	307,755	-	307,755	351,404	43,649
<b>Total Expenditures</b>	<b>2,688,654</b>	<b>-</b>	<b>2,688,654</b>	<b>4,294,945</b>	<b>1,606,291</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>328,609</b>	<b>3,379</b>	<b>331,988</b>	<b>(1,606,998)</b>	<b>1,938,986</b>
Other Financing Sources (Uses)					
Transfers in					
CARES grant	39,937		39,937	66,000	(66,000)
Transfers (out)	(193,829)		(193,829)	(305,000)	39,937
<b>Total Other Financing Sources (Uses)</b>	<b>(153,892)</b>	<b>-</b>	<b>(153,892)</b>	<b>(239,000)</b>	<b>111,171</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)</b>	<b>174,717</b>	<b>3,379</b>	<b>178,096</b>	<b>(1,845,998)</b>	<b>2,024,094</b>
<b>Fund Balance, January 1</b>	<b>2,571,955</b>	<b>(14,056)</b>	<b>2,557,899</b>		
<b>Fund Balance, December 31</b>	<b>\$ 2,746,672</b>	<b>\$ (10,677)</b>	<b>\$ 2,735,995</b>		

See accompanying notes to basic financial statements.

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## CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
CONSOLIDATED HIGHWAY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts	Variance with Final Budget Positive (Negative)
				Original Final	
<b>Revenues:</b>					
County and state taxes	\$ 901,190	\$ -	\$ 901,190	\$ 723,726	\$ 683,898
Input fees	72,150		72,150		217,292
Excise taxes	133,619		133,619	171,600	72,150
Interest income	14,565		14,565	4,500	(37,981)
<b>Total Revenues</b>	<b>1,121,524</b>	<b>-</b>	<b>1,121,524</b>	<b>899,826</b>	<b>10,065</b>
<b>Expenditures:</b>					
Contractual services	239,984		239,984	665,000	425,016
Commodities	69,341		69,341	-	(69,341)
<b>Total Expenditures</b>	<b>309,325</b>	<b>-</b>	<b>309,325</b>	<b>665,000</b>	<b>355,675</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>812,199</b>	<b>-</b>	<b>812,199</b>	<b>234,826</b>	<b>(94,149)</b>
Other Financing Sources (Uses)					
Transfers in					
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)</b>	<b>812,199</b>	<b>-</b>	<b>812,199</b>	<b>234,826</b>	<b>(94,149)</b>
<b>Fund Balance, January 1</b>	<b>2,103,442</b>	<b>-</b>	<b>2,103,442</b>		
<b>Fund Balance, December 31</b>	<b>\$ 2,915,641</b>	<b>\$ -</b>	<b>\$ 2,915,641</b>		

See accompanying notes to basic financial statements.

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## CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
CAPITAL IMPROVEMENTS RESERVE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Revenues:						
Taxes	\$ 176,851	\$ -	\$ 176,851	\$ 176,538	\$ 176,538	\$ 313
Interest income	8,827	-	8,827	3,000	3,000	5,827
Miscellaneous	145,582	-	145,582	-	-	145,582
Total Revenues	331,260	-	331,260	179,538	179,538	151,722
Expenditures:						
Contractual services	2,855	-	2,855	-	-	(2,855)
Construction in progress	91,330	-	91,330	-	-	(91,330)
Capital outlay	226,960	-	226,960	550,000	550,000	323,040
Total Expenditures	321,145	-	321,145	550,000	550,000	228,855
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,115	-	10,115	(370,462)	(370,462)	380,575
Other Financing Sources (Uses)						
CARES Act grant	1,180,791	-	1,180,791	-	-	1,180,791
Proceeds from bond issuance	1,082,720	-	1,082,720	-	-	1,082,720
Bond insurance costs	(34,369)	-	(34,369)	-	-	(34,369)
Principal payments on bond	(1,045,350)	-	(1,045,350)	-	-	(1,045,350)
Total Other Financing Sources (Uses)	1,183,792	-	1,183,792	-	-	1,183,792
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	1,193,907	-	1,193,907	(370,462)	(370,462)	1,564,367
Fund Balance, January 1	996,530	-	996,530	-	-	-
Fund Balance, December 31	2,190,437	-	2,190,437	-	-	-

See accompanying notes to basic financial statements.

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## CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
EMPLOYEE BENEFIT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Revenues:						
County and state taxes	\$ 656,935	\$ -	\$ 656,935	\$ 639,538	\$ 639,538	\$ 17,397
Use of money and property	2,117	-	2,117	650	650	1,467
Total Revenues	659,052	-	659,052	640,188	640,188	18,864
Expenditures:						
Personnel services	784,696	-	784,696	918,000	918,000	133,304
Neighborhood revitalization	3,448	-	3,448	-	-	(3,448)
Total Expenditures	788,144	-	788,144	918,000	918,000	129,856
Excess (Deficiency) of Revenues Over (Under) Expenditures	(129,092)	-	(129,092)	(277,812)	(277,812)	148,720
Other Financing Sources (Uses)						
Transfers in	-	-	-	138,711	138,711	(138,711)
Total Other Financing Sources (Uses)	-	-	-	138,711	138,711	(138,711)
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(129,092)	-	(129,092)	(139,101)	(139,101)	10,009
Fund Balance, January 1	385,427	-	385,427	-	-	-
Fund Balance, December 31	256,335	-	256,335	-	-	-

See accompanying notes to basic financial statements.

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CITY OF BASEHOR, KANSAS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,520,217	\$ 45,918	\$ 2,566,135
Accounts receivable	191,624	57,607	249,231
Total current assets	2,711,841	103,525	2,815,366
Noncurrent assets			
Depreciable capital assets	28,751,351	-	28,751,351
Less accumulated depreciation	(16,078,293)	-	(16,078,293)
Total noncurrent assets	12,673,058	-	12,673,058
Total Assets	\$ 15,384,899	\$ 103,525	\$ 15,488,424

LIABILITIES AND NET POSITION

<b>LIABILITIES:</b>			
Current liabilities (payable from current assets)			
Accounts payable	\$ 735	\$ -	\$ 735
Accrued interest	30,138	-	30,138
Compensated absences	1,748	-	1,748
Accrued Payroll	6,244	1,747	7,991
Current portion of general obligation bonds payable	411,900	-	411,900
Total current liabilities (payable from current assets)	450,765	1,747	452,512
Noncurrent liabilities			
General obligation bonds payable	4,292,586	-	4,292,586
Total noncurrent liabilities	4,292,586	-	4,292,586
Total liabilities	4,743,351	1,747	4,745,098
<b>NET POSITION</b>			
Net investment in capital assets	7,968,572	-	7,968,572
Unrestricted	2,672,976	101,778	2,774,754
Total net position	10,641,548	101,778	10,743,326
Total Liabilities and Net Position	\$ 15,384,899	\$ 103,525	\$ 15,488,424

See accompanying notes to basic financial statements.

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
<b>Operating revenues</b>			
Charges for services	\$ 1,674,960	\$ 524,840	\$ 2,199,800
Total operating revenues	1,674,960	524,840	2,199,800
<b>Operating expenses</b>			
Personnel	267,976	75,510	343,486
Contractual services	511,277	432,265	943,542
Commodities	41,090	3,221	44,311
Depreciation	503,256	-	503,256
Total operating expenses	1,323,599	510,996	1,834,595
Operating income (loss)	351,361	13,844	365,205
<b>Nonoperating revenues (expenses)</b>			
Interest income	10,448	342	10,790
Miscellaneous income	41,593	1,540	43,133
Connection fees	448,300	-	448,300
Special assessments	50	-	50
Interest expense	(110,822)	-	(110,822)
Transfers (out)	(31,274)	-	(31,274)
Total nonoperating revenues (expenses)	358,295	1,882	360,177
Change in net position	709,656	15,726	725,382
Net position at January 1	9,633,792	86,052	9,719,844
Prior Year Adjustment	298,100	-	298,100
Net position at December 31	\$ 10,641,548	\$ 101,778	\$ 10,743,326

See accompanying notes to basic financial statements.

## CITY OF BASEHOR, KANSAS

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,604,715	\$ 504,279	\$ 2,129,394
Cash paid to suppliers and employees	(849,803)	(512,291)	(1,362,094)
Net Cash Provided by (Used in) Operating Activities	774,712	(7,412)	767,300
Cash Flows from Non-Capital Financing Activities:			
Miscellaneous income	41,593	1,540	43,133
Transfers (in) out	(31,274)		(31,274)
Net Cash Provided by (Used in) Non-Capital Financing Activities	10,319	1,540	11,859
Cash Flows from Capital and Related Financing Activities:			
Capital asset additions, net	(19,016)		(19,016)
Connection fees	448,300		448,300
Principal paid on bonds, notes and loans	(2,184,256)		(2,184,256)
Advances on bonds	1,343,760		1,343,760
Premium adjustment	298,100		298,100
Special assessments	50		50
Interest expense and fiscal charges	(118,615)		(118,615)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(231,677)	-	(231,677)
Cash Flows from Investing Activities:			
Interest income	10,448	342	10,790
Net Cash Provided by Investing Activities	10,448	342	10,790
Net Increase (Decrease) in Cash and Cash Equivalents	563,802	(5,580)	558,272
Cash and Cash Equivalents at Beginning of Year	1,956,415	51,448	2,007,863
Cash and Cash Equivalents at End of Year	\$ 2,520,217	\$ 45,918	\$ 2,566,135
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 351,361	\$ 13,844	\$ 365,206
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	503,256		503,256
Change in assets and liabilities			
(Increase) decrease in accounts receivable	(50,445)	57,607	7,162
(Increase) decrease in compensated absences/accrued payroll	(29,462)	(1,747)	(31,209)
Total adjustments	423,349	55,854	479,203
Net Cash Provided by (Used in) Operating Activities	\$ 774,710	\$ 73,200	\$ 847,910

See accompanying notes to basic financial statements.

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## CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Basehor, Kansas (the City) was incorporated in 1965 under the provisions of K.S.A. 12-101, et seq. The City operates under a Council-Administrator form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, culture/recreation, public improvements, sewer, planning and zoning, and general administrative services. This summary of significant accounting policies of the City is presented to assist in understanding the City's basic financial statements. The basic financial statements and notes are representations of the City's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments and have been consistently applied in the preparation of the basic financial statements. The following is a summary of the more significant policies:

a. **Reporting Entity** - An elected six-member council (including the Mayor) governs the City. As required by GAAP, the financials present data for all departments and funds of the City, including all boards and commissions (the primary government, herein referred to as the City). The City has no component units.

b. **Basis of Presentation** - The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City's funds are grouped into two broad fund categories for basic financial statement presentation purposes. Governmental funds include the general, special revenue, debt service, and the capital projects funds. Proprietary funds include enterprise and internal service funds.

c. **Basis of Accounting - Government-Wide Financial Statements** - The statement of net position and the statement of activities display information about the City (the primary government) as a whole. Internal service funds and other interfund activities are eliminated to avoid "doubling up" revenues and expenses. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, each of the governmental fund financial statements includes a reconciliation with brief explanations to better identify the relationship between the governmental fund's statements and the government-wide statements. The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** - Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The major individual enterprise funds are reported

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# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

as separate columns in the proprietary fund financial statements. Non-major funds are aggregated and presented in a single column on the governmental and proprietary fund financial statements.

The City reports the following major governmental funds:

**General - The General Fund** is the main operating fund of the City. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

**Bond and Interest - The Bond and Interest Fund** accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

**Consolidated Highway - The Consolidated Highway Fund** is used to account for road and highway projects.

**Capital Improvements Reserve - The Capital Improvements Reserve Fund** is used to account for capital improvement projects.

**Employee Benefit - The Employee Benefit Fund** is used to account for employee benefits.

The City reports the following major proprietary funds:

**Sewer Utility - The Sewer Utility Fund** accounts for the activities of the sewage treatment plant, sewage pumping stations, and collection systems.

**Solid Waste - The Solid Waste Fund** accounts for the provision of solid waste collection and disposal services to the residents and businesses of the City.

**Proprietary Funds - Proprietary funds** use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net assets. Proprietary funds include the following fund types:

**Enterprise Funds - account for operations that are financed and operated in a manner similar to private business enterprises, as the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.**

**Internal Service Funds - account for the financing of goods and services, such as insurance and fleet management, provided to other departments or agencies of the City on a cost reimbursement basis. The City does not have funds of this type.**

**Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.**

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# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as they are both measurable and available to finance the City's current operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Significant revenues, which are considered susceptible to accrual, include property taxes, sales taxes, franchise taxes, interest, and certain state and federal grants and entitlements. Expenditures, including capital outlays, are recorded in all nonproprietary fund types when the related liability is both measurable and incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due. In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purposes or project before any amounts will be paid to the City; therefore, revenues are recognized based on the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the measurable and available criteria. Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. In accordance with state statutes, projects financed in part by special assessments are financed through issuance of general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments are recorded as unearned revenues in the year the assessments are levied. Special assessments paid in full prior to the issuance of bonds are recorded as revenue in the capital project fund. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

d. **Deposits and Investments -** The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of six months or less from the date of acquisition.

Kansas statutes authorize the City to invest in U.S. Treasury bills and notes, repurchase agreements, the Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations.

Investments are stated at fair market value.

e. **Receivables -** Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, if any.

Property taxes receivable - The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the

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# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted.

Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2020.

- f. Capital Assets - Capital assets include property, plant, equipment and infrastructure assets, and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the City, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 - 100
Other equipment	5 - 20
Vehicles	6 - 10
Infrastructure	30 - 75

- g. Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused paid time off. Paid time off earned but unused at termination (if a two-week notice is given) is paid to the employees at their current rate of pay. Vested or accumulated paid time off of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees.

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# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

- h. Long-Term Obligations - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as 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.

- i. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

- j. Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- k. Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports pension contributions subsequent to the measurement date, pension changes in proportion, net differences between projected and actual pension plan investments and pension differences between expected and actual experience as deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from one source, property taxes. Pension differences between expected and actual experience, changes in proportion, and pension changes in assumptions are reported as deferred inflows for governmental activities.

- l. Fund Equity - In the fund financial statements, governmental funds report fund balance in the following classifications: non-spendable, restricted, committed, assigned and unassigned. Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance

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# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

Fund Balances	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefits	Board & Interest	Other Governmental Funds	Total
Restricted for:							
Capital equipment	\$	\$	\$	\$	\$	\$	\$
Capital improvements							
Other purposes							
Assigned	2,417,325	2,417,325	2,561,137	258,135		58,571	7,652,493
Unassigned	2,746,578	2,746,578	2,800,437	256,036	53,092	35,889	8,838,560

	Sewer Utility Fund	Major Business Type Funds Solid Waste Utility Fund	Total
NET POSITION December 31, 2020	\$ 2,963,437	\$ 67,174	\$ 3,030,611
Adjustments			
Capital assets, net	484,240		484,240
Receivables	(50,445)	(14,371)	(64,816)
Other accruals	(29,460)	1,747	(27,713)
Debt, net	(528,198)		(528,198)
Accrued interest	7,792		7,792
BUDGETARY NET POSITION December 31, 2020	\$ 2,847,566	\$ 54,550	\$ 2,902,116

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

m. Budgetary Information - Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There was one budget amendment for the year ended December 31, 2020.

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 cash basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project 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.

## 2. DEPOSITS AND INVESTMENTS

At December 31, 2020 the carrying amounts of the City's deposits were \$11,544,700 and the bank balances were \$11,810,869. The differences between the carrying amount and the bank balances are outstanding checks and deposits in transit. The bank balance is covered by FDIC insurance and collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

The following represents the composition of deposits and investments at December 31, 2020:

Description	Fair Value	Interest Rate	Maturity	Rating
First State Bank - Operating	\$ (146,635)			
First State Bank - Money Market	2,966,278	0.36%		
First State Bank	100			
Commerce Bank - CD	1,000,000	0.13%	1/6/2021	
Commerce Bank - CD	1,000,000	0.14%	4/6/2021	
Commerce Bank - CD	1,000,000	0.10%	7/6/2021	
Commerce Bank - CD	1,000,000	0.04%	10/6/2021	
Commerce Bank - CD	240,000	0.70%	6/10/2021	
Citizens Savings and Loan - CD	240,000	0.85%	6/10/2021	
Citizens Savings and Loan - CD	251,897	0.40%	11/22/2021	
Kansas Municipal Investment Pool	3,993,060	0.81%	Overnight	
Total	11,544,700			
Less Restricted Cash:				
Bond and Interest	(513,952)			
Consolidated Highway	(514,252)			
Unrestricted Cash	\$ 10,516,496			

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

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

Concentration of Credit Risk - State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City has no investments.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year.

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Kansas Municipal Investment Pool is a level 2 input.

### Restricted Cash

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the \$2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donahoo Road, Hollingsworth Road and 147th Street). Of the \$2,915,641 of cash in the Consolidated Highway Fund as of December 31, 2020, \$514,252 was subject to this restriction.

The City has various outstanding bonds which are paid through the bond and interest fund. The cash in the bond and interest fund is considered restricted.

### 3. TAXES

**Property Taxes** - The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the following year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes is due December 20, prior to the fiscal year for which they are budgeted, and second half is due the following May 10.

**Motor Vehicle Taxes** - Since 1981 most motor vehicles became subject to a special tax paid at the time of registration instead of the traditional property tax. In 1995, the legislature enacted a five-year phase down in the assessment rate on motor vehicles for 30% to 20% of market value.

In 2020, the City received the following from county and state taxes:

	General Fund	Bond & Interest Fund	Highway Fund	Employee Benefit Fund	Other Funds	Totals
Property Taxes	\$ 1,557,220	\$ 391,533	\$	\$ 553,133	\$ 75,753	\$ 2,577,639
Motor Vehicle Taxes	234,870	41,020		103,802		379,692
Sales Taxes	543,021	56,094	719,871		176,851	1,495,837
Alcohol Tax	14,664				29,328	43,992
State Highway Aid			181,319			181,319
	\$ 2,349,775	\$ 488,647	\$ 901,190	\$ 656,935	\$ 281,932	\$ 4,678,479

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

The mill levies are as follows:

	2020	2019
General Fund	19,793	20,953
Bond and Interest Fund	4,994	3,661
Park and Recreation Fund	0,968	
Employee Benefit Fund	7,014	9,248
	<u>32,769</u>	<u>33,862</u>

The assessed valuation for 2020 and 2019 was \$78,505,698, and \$69,576,165, respectively.

**Neighborhood Revitalization Areas** - The City had three neighborhood revitalization areas established during the year ended December 31, 2020. NRAs are established under K.S.A. 12-17,114 and subject to City policy. NRAs are provided to assist with spurring investment and revitalization of properties which can benefit a neighborhood and the general public. The program works by rebating a portion (95% for residential property improvements, 50% for commercial and industrial improvements) of the incremental increase in property taxes resulting from property improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. To receive an NRA, individuals or businesses must submit an application to be reviewed by City staff and approved by the City Council. Applicants must also provide verification they are current on all real or personal property taxes. During the year ended December 31, 2020, the City paid \$16,107 to various homeowners under the neighborhood revitalization program.

No other governments have entered into tax abatement agreements that reduce the City's tax revenues.

### 4. RECEIVABLES

The following represents the receivables at December 31, 2020:

	General Fund	Parks and Recreation	Bond & Interest	Employee Benefit	Sewer	Solid Waste	Totals
Trade Receivables	\$	\$	\$	\$	\$	\$	\$
Other Receivables	40,930				191,624	57,607	249,231
Tax Receivable	1,721,751	81,381	433,773	609,173			2,846,078
Municipal Court	10,677						10,677
	<u>\$ 1,773,358</u>	<u>\$ 81,381</u>	<u>\$ 433,773</u>	<u>\$ 609,173</u>	<u>\$ 191,624</u>	<u>\$ 57,607</u>	<u>\$ 3,146,916</u>

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

### 5. UTILITIES

The City provides sewer and solid waste services. The City mails their utility bills on the 25th of each month, or next business day. The utility bills are due by the 15th or next business day, of the following month. Bills not paid by the 16th are subject to a late charge fee of 10%.

Sewer bills are based on the average water usage for the months of December, January and February (winter use). If there was no water usage, or it is new service, the sewer bill is \$56 a month. The average water usage that impacts the sewer bills are reset in May of each year. The sewer rates at December 31, 2020 for inside the City was \$13.25, and \$16.58 for outside the City.

The City contracts with a third-party for solid waste services. The solid waste rate at December 31, 2020 was \$17.72 per residence, and \$5.75 per additional container.

### 6. CAPITAL ASSETS

The following represents the changes in capital assets for the year ending December 31, 2020:

	Beginning Balance	Additions	Transfers	Ending Balance
<b>Governmental Activities:</b>				
Land	\$ 614,759	\$ 35,900	\$	\$ 650,659
Construction in Progress	28,837,608	91,330		29,325,123
Buildings, vehicles, and equipment	29,452,367	487,515		30,067,112
Less accumulated depreciation	(16,080,729)	(985,332)		(17,066,061)
Book value	\$ 13,371,638	\$ (370,587)	\$	\$ 13,001,051
<b>Business-Type Activities:</b>				
Building, vehicles, and equipment	\$ 28,732,335	\$ 19,016	\$	\$ 28,751,351
Less accumulated depreciation	(15,575,037)	(503,256)		(16,078,293)
Book value	\$ 13,157,298	\$ (484,240)	\$	\$ 12,673,058

The City's depreciation expense was charged as follows:

<b>Governmental Activities:</b>	
General government	\$ 28,221
Public safety	155,906
Public works	618
Culture and recreation	22,784
Infrastructure	777,803
	<u>985,332</u>
<b>Business-Type Activities:</b>	
Sewer	503,256
Total Depreciation	<u>\$ 1,488,588</u>

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

### 7. LONG-TERM DEBT

The City's long-term debt is comprised of the following:

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Governmental Activities:					
Description	Date of Issuance	Maturity	Interest Rate	Original Amount	Outstanding Amount
Refunding, Series 2013	1/30/2013	9/1/2025	2.00%	3,480,000	880,000
Improvements, Series 2015	8/26/2015	9/1/2035	2.00 - 4.00%	995,000	802,746
Improvements, Series 2019-A	3/21/2019	9/1/2039	1.70 - 3.125%	2,105,000	2,050,000
Improvements, Series 2020-A	3/26/2020	9/1/2030	2.00%	1,035,000	1,035,000
Refunding and Improvements, Series 2020-B	10/22/2020	9/1/2032	1.00 - 3.00%	1,496,240	1,496,240
				\$ 9,111,240	\$ 6,263,986
Business-Type Activities:					
Description	Date of Issuance	Maturity	Interest Rate	Original Amount	Outstanding Amount
Improvements, Series 2015	8/26/2015	9/1/2035	2.00 - 4.00%	300,000	242,254
Refunding, Series 2016	6/3/2016	9/1/2030	2.00 - 2.25%	4,095,000	3,030,000
Refunding and Improvements, Series 2020-B	10/22/2020	9/1/2032	1.00 - 3.00%	1,343,760	1,343,760
				\$ 5,738,760	\$ 4,606,014

The City issued \$3,875,000 in general obligation bonds during 2020. The bonds mature in 2030 and 2032, respectively. The principal and interest will be paid from special assessments levied upon the property benefited by the construction of the improvement or from ad valorem taxes which may be levied without limitation. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest payments. The proceeds of the Series 2020-B will be used to redeem the City's General Obligation Refunding and Improvements Bonds, Series 2012, dated August 23, 2012 and to pay for the costs of the issuance. The proceeds of the Series 2020-A will be used for the purpose of paying a portion of the costs of certain police facility improvements.

The 2020 Series A bonds are not subject to redemption prior to maturity. The 2020 Series B bonds maturing on September 1, 2032 will be subject to redemption and payment prior to maturity on September 1, 2029.

K.S.A. 10-308 limits the amount of general obligation bonds issued to 30% of the assessed valuation of the City as certified by the County Clerk. For 2020, the debt limit was \$27,026,155. General obligation bonds and temporary notes issued to finance utility improvements, and revenue bonds are not subject to the debt limit.

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

The following represents the changes in long-term liabilities:

### Governmental Activities:

Description	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Refunding and Improvements, Series 2012	\$ 1,846,592	\$ -	\$ 1,846,592	\$ -	\$ -
Refunding, Series 2013	1,045,000	-	165,000	880,000	170,000
Improvements, Series 2015	845,096	-	42,350	802,746	46,200
Improvements, Series 2019	2,105,000	-	55,000	2,050,000	85,000
Temporary Notes, Series 2019	1,035,000	-	1,035,000	-	-
Refunding and Improvements, Series 2020-B	-	1,496,240	-	1,496,240	121,900
Improvements, Series 2020-A	-	1,035,000	-	1,035,000	100,000
Bonds premium	89,117	147,415	36,411	200,121	-
	\$ 4,965,805	\$ 2,678,655	\$ 3,180,253	\$ 6,464,107	\$ 523,100

### Business-Type Activities:

Description	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Refunding and Improvements, Series 2012	\$ 1,658,408	\$ -	\$ 1,658,408	\$ -	\$ -
Improvements, Series 2015	254,904	-	12,650	242,254	13,800
Refunding, Series 2016	3,105,000	-	285,000	3,020,000	290,000
Refunding and Improvements, Series 2020-B	-	1,343,760	-	1,343,760	106,100
Bonds premium	49,153	84,100	34,781	98,472	-
	\$ 5,267,465	\$ 1,427,860	\$ 1,990,839	\$ 4,704,486	\$ 411,900

The following represent the debt service requirements subsequent to December 31, 2020:

Year	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 523,100	\$ 161,134	\$ 411,900	\$ 94,464	\$ 935,000	\$ 255,598
2022	514,886	145,364	430,114	89,196	945,000	234,561
2023	536,050	133,774	428,950	79,707	965,000	213,481
2024	551,050	121,809	438,950	69,942	990,000	191,751
2025	575,200	107,912	449,800	59,838	1,025,000	167,750
2026	387,850	94,783	462,150	50,656	850,000	145,439
2027	392,850	85,399	467,150	41,226	860,000	126,625
2028	400,500	75,917	479,500	31,696	880,000	107,613
2029	400,500	66,157	484,500	21,882	885,000	88,039
2030	369,600	56,395	275,400	11,105	645,000	67,501
2031	266,100	47,882	108,900	5,742	375,000	53,625
2032	274,950	41,337	110,050	4,090	385,000	45,427
2033	180,450	34,436	19,550	2,346	200,000	36,782
2034	180,450	28,368	19,550	1,564	200,000	29,932
2035	190,450	22,500	19,550	782	210,000	23,082
2036	125,000	15,932	-	-	125,000	15,932
2037	130,000	12,182	-	-	130,000	12,182
2038	130,000	8,282	-	-	130,000	8,282
2039	135,000	4,218	-	-	135,000	4,218
	\$ 6,263,986	\$ 1,263,581	\$ 4,606,014	\$ 564,236	\$ 10,870,000	\$ 1,827,815

**CITY OF BASEHOR, KANSAS**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**Capital Lease**

The City entered into a lease agreement with Kansas Department of Transportation (KDOT) (Lessor) on October 1, 2008. The purpose of the lease was to finance communication equipment for public safety in the amount of \$75,600. The term of the lease begins March 1, 2009 and ends March 1, 2020. The outstanding balance at December 31, 2020 is \$0.

**Governmental Activities:**

Description KDOT - Lease	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
	\$ 2,400		2,400	-	2,400
	\$ 2,400	\$ -	\$ 2,400	\$ -	\$ 2,400

**Special Assessments.** As provided by Kansas Statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project fund. The special assessments receivable are not recorded as revenue in the bond and interest fund. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

**Conduit Debt Obligations**

The City has issued conduit Special Obligation Revenue Bonds, Series 2020 which have not been recorded as a liability. Private developers use the proceeds of these bonds to finance capital expansion. The Special Obligation Revenue Bonds have not been recognized as a liability of the City because the bonds are secured solely by the specific project and the developers are obligated to make the payments. The bonds are not payable from a charge upon any of the City's resources or assets, and the City is not subject to any liability from these bonds. Upon completion of the project, the developer owns the assets constructed. Since the City does not own any of the assets constructed or assume any of the liabilities associated with repayment, these bond issues do not require balance sheet disclosure or recognition of revenues and expenditures according to GAAP. The total outstanding principal of these bonds as of December 31, 2020 is \$345,750.

**8. CONTRACTS**

In July 2014 the City approved an extension of an existing contract for solid waste collection with Deffenbaugh Industries. The extension is for a period of five years beginning January 1, 2015 and ending December 31, 2019. The City approved an extension of the contract for a period of four years beginning January 1, 2020. The contractor will be paid \$14.72 per month for each weekly residential pickup. Commercial customers will contract directly with the contractor.

**CITY OF BASEHOR, KANSAS**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020**

**9. COMPENSATED ABSENCES FOR EMPLOYEES**

Full time employees of the City will be eligible for Paid Time Off (PTO) after six months of service. The following represents the hours and days accrued based on months of service.

Months of Service	Accrued Hours Per Payroll	Annual Amount of Accrual Hours	Annual Amount of Accrual Days	Maximum Accrual of Days
0-47	5.6	145.6	18	27
48-107	6.5	169	21	31
108-167	7.5	195	24	36
168-227	8.7	226.2	28	42
228+	9.7	252.2	31	46

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." PTO benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

At December 31, 2020, City employees had a combined balance of 613 hours of PTO at a cash value of \$18,705.

**10. CONCENTRATIONS OF CREDIT RISK**

The City is engaged in the sale of sewer and trash to customers located in Leavenworth County in Kansas. The City grants credit to those customers and requires no collateral.

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City has funds in 4 banks all of which are adequately secured.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

11. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the City. There were no apparent statutory violations during the year ended December 31, 2020 for the funds that were part of this audit.

12. RELATED PARTY

The city was not aware of any related party transactions during the year of 2020.

13. RETIREMENT PLANS

Deferred Compensation Plan.

All employees employed by the City are entitled to enroll, at the City Council's discretion, in a Deferred Compensation Plan, offered by Mass Mutual or such other insurance company that may offer a plan approved by the Kansas Legislature pursuant to K.S.A. 75-5522 et seq. and K.S.A. 75-5529 et seq. For all employees who enroll in the plan, excluding those participating in the Kansas Police and Firemen (K&F) retirement plan, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The payroll for employees covered by the Plan was \$1,477,668. Total gross payroll was \$2,141,170. The contribution for the year ending December 31, 2020, was \$43,012 from employees and \$125,807 from employer.

Pension Plan

General Information about the Pension Plan

*Plan description.* The City participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. KPERs' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERs website at [www.kpers.org](http://www.kpers.org) or by writing to KPERs (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Benefits.* Benefits are established by statute and may only be changed by the State Legislature. Police and Firemen with twenty or more years of credited service, may retire as early as age 50, with an actuarially reduced monthly benefit. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service. Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

*Contributions.* Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis. For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERs employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rates and the statutory contribution rates are as follows for the KPERs fiscal year ended June 30, 2020:

	Actuarial Statutory Employer	Employer Rate Capped Rate
Police and Firemen	21.93%	21.93%

Member contribution rates as a percentage of eligible compensation in fiscal year 2020 are 7.15% for Police and Firemen.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERs 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERs 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on account balance at retirement. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

The City has 20 employees that participate in the Plan. The payroll for the employees covered by the System for 2020 was \$870,558.

The contribution requirement for the year ended December 31, 2020 was \$253,159, which consisted of \$62,243 from the employees and \$190,914 from the City.

Net Pension Liability

At December 31, 2020 and 2019, the City's proportionate share of the collective net pension liability reported by KPERs was \$1,767,209 and \$1,431,300, respectively, for its proportionate share of the net pension liability for the Police and Firemen groups. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERs, relative to the total employer and non-employer contributions of the Local subgroup within KPERs.

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020, using the following actuarial assumptions:

Assumptions	Rate
Price inflation	2.75%
Wage inflation	3.00%
Salary increases, including wage increases	3.25% to 11.75%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.50%

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Long-Term Expected Asset	Long-Term Allocation	Real Rate of Return
Global Equity	23.5%	6.40%
US Equities	23.5%	5.20%
Fixed Income	11.00%	1.55%
Yield driven	8.00%	4.70%
Real Return	11.00%	3.25%
Real estate	11.00%	4.45%
Alternatives	8.00%	9.50%
Short-term investments	4.00%	0.25%

**Discount Rate.** The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen. Future employer contribution rates were also modeled for Police & Firemen, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
\$2,418,765	\$1,767,209	\$1,223,066

**Pension Expense.** For the year ended December 31, 2020, the City recognized pension expense of \$312,946, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

**Deferred Outflows of Resources and Deferred Inflows of Resources.** At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflow of resources
Differences between expected and actual experience	\$ 51,564	\$ -
Net difference between projected and actual earnings on pension plan investments	171,726	-
Changes in assumptions	122,331	-
Changes in proportion	63,452	44,531
Total	\$409,163	\$44,531

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Deferred (Inflows) Outflows Amount
2021	\$ 96,846
2022	110,128
2023	85,711
2024	68,826
2025	3,121
	<u>\$ 364,632</u>



# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

### 14. RISK MANAGEMENT

The City is exposed to various risks of loss to torts, theft of, damage to, and destruction of assets, job-related injuries and illnesses to employees. To insure against the various risks, the City has obtained various insurance coverage through One Reason Insurance Company.

### 15. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of additional expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

### 16. TRANSFERS

Operating transfers were as follows:

	From	To	Regulatory Authority	Amount
General Fund		Municipal Equip Reserve Fund	K.S.A. 12-1,117	193,829
Capital Improvement Fund		Bond and Interest Fund	K.S.A. 12-1,118	5,463
Sewer Utility Fund		Bond and Interest Fund	K.S.A. 12-825d	31,274
				<u>\$ 230,566</u>

### 17. CARES ACT FUNDING

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Securities (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of \$400 million. The City received CRF in the amount of \$1,220,728. The CRF funds are a reimbursement for expenses to strengthen health, to allow the economy to reopen safely and to remain open. The funds are to be fair, impactful and timely. The funds were spent on the following:

Item	Amount
Improve telework, phones for police	\$ 59,068
Cleaning supplies and PPE	25,345
Payroll for 1st responders	1,004,609
Legal and financial advice	103,461
Economic support	28,245
	<u>\$ 1,220,728</u>

# CITY OF BASEHOR, KANSAS

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

### 18. SUBSEQUENT EVENTS

In preparing the financial statements, and according to ASC 855, Subsequent Events, the City has evaluated events and transactions for potential recognition or disclosure through June 10, 2021, the date the financial statements were available to be issued. There are no additional events or transactions that require adjustment to or disclosure in these financial statements.

### 19. PRIOR YEAR ADJUSTMENT

The prior year adjustments were related to adjusting the premiums related to the general obligation bonds. There were premiums that remained on the books after bonds were paid off or refunded. In addition, there were adjustments made to capital assets useful lives to create more consistency with various type of capital assets.

### 20. NEW PRONOUNCEMENTS

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined

- GASB Statement No. 87, Leases, issued June 2018, establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The statement provides exceptions from the single approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. The provisions of this statement were originally effective for financial statements for the City's fiscal year ending December 31, 2020 and now postponed until December 31, 2022 per GASB Statement No. 95.

- GASB Statement No. 91, Conduit Debt Obligations, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement were originally effective for the financial statements for the City's fiscal year ending December 31, 2020 and now postponed until December 31, 2021 per GASB Statement No. 95.

- GASB Statement No. 92, Omnibus 2020, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the City's financial reporting, other provisions of this statement are now originally effective for financial statements for the City's fiscal year ending December 31, 2021 and now postponed until December 31, 2022.

• GASB Statement No. 93, Replacement of Interbank Offered Rates, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for the City's fiscal year ending December 31, 2022 and now postponed until December 31, 2023 per GASB Statement No. 95.

• GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in GASB Statement No. 87, Leases, are postponed by eighteen months.

• GASB Statement No. 96, Subscription-based Information Technology Arrangements, provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, Leases. The new defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for the City's fiscal year ending December 31, 2023.

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## CITY OF BASEHOR, KANSAS

**KP&F PENSION PLAN - REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Schedule of the City's Proportional Share of the KP&F Net Pension Liability									
	Last Ten Fiscal Years*									
	12/31/2020	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15				
City's proportion of the net pension liability	0.143%	0.141%	0.146%	0.131%	0.142%	0.143%				
City's proportionate share of the net pension liability	\$ 1,767,209	\$ 1,431,300	\$ 1,402,014	\$ 1,230,371	\$ 1,317,562	\$ 1,041,028				
City's covered-employee payroll	\$ 870,558	\$ 787,630	\$ 694,849	\$ 662,996	\$ 662,996	\$ 634,065				
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	203.00%	181.72%	201.77%	185.58%	198.73%	164.18%				
Plan fiduciary net position as a percentage of the total pension liability	66.30%	71.20%	74.22%	72.15%	69.30%	74.60%				

\* The amounts presented for each fiscal year were determined as of 12/31. Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

**Schedule of the City's Contributions  
Last Ten Fiscal Years\***

	12/31/2020	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15				
Contractually required contribution	\$ 190,914	\$ 174,524	\$ 149,920	\$ 132,230	\$ 135,384	\$ 141,616				
Contributions in relation to the contractually required contribution	190,914	174,524	149,920	132,230	135,384	141,616				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
City's covered-employee payroll	\$ 870,558	\$ 787,630	\$ 694,849	\$ 662,996	\$ 662,996	\$ 634,065				
Contributions as a percentage of covered employee payroll	21.93%	22.13%	20.09%	19.03%	20.42%	21.36%				

\* Data became available with the inception of GASB 68 during the fiscal year 2015, therefore 10 years of data is unavailable.

## CITY OF BASEHOR, KANSAS

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	Special Revenue Funds					Total Special Revenue Funds
	Special Parks and Recreation	Municipal Equipment Reserve	Special Alcohol and Drug	Park and Recreation		
ASSETS						
Cash and cash equivalents	\$ 69,441	\$ 1,441	\$ 33,502	\$ 52,984	\$ 157,368	
Total Assets	\$ 69,441	\$ 1,441	\$ 33,502	\$ 52,984	\$ 157,368	
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	
FUND BALANCE:						
Assigned	69,441	1,441	33,502	52,984	157,368	
Total fund balance	69,441	1,441	33,502	52,984	157,368	
Total liabilities and fund balances	\$ 69,441	\$ 1,441	\$ 33,502	\$ 52,984	\$ 157,368	

CITY OF BASEHOR, KANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2020

Capital Projects				Total Nonmajor Governmental Funds
	Cedar Lakes Maintenance	Glenwood Sewer Maintenance	Total Capital Projects Funds	
\$	90,180	\$ 104,351	\$ 194,531	\$ 351,899
\$	90,180	\$ 104,351	\$ 194,531	\$ 351,899

\$	\$	\$	\$	\$
90,180	104,351	194,531		351,899
90,180	104,351	194,531		351,899
\$ 90,180	\$ 104,351	\$ 194,531	\$	\$ 351,899

	Special Revenue Funds					Total Special Revenue Funds
	Special Parks and Recreation	Municipal Equipment Reserve	Special Alcohol and Drug	Park and Recreation		
REVENUES						
County and state taxes	\$ 14,664	\$ -	\$ 14,664	75,753	\$	105,081
Licenses, permits and fees	26,616	-	-	-	-	26,616
Donations	2,677	-	-	-	-	2,677
Use of property	-	-	-	15,000	-	15,000
Interest income	417	452	101	178	-	1,148
Total revenues	44,374	452	14,765	90,931	-	150,522
EXPENDITURES						
Personnel	-	-	-	-	-	-
Contractual expenses	44,636	9,713	-	35,413	-	89,762
Commodities	-	-	-	2,058	-	2,058
Capital outlay	15,327	207,232	-	-	-	222,559
Neighborhood Revitalization	-	-	-	476	-	476
Total expenditures	59,963	216,945	-	37,947	-	314,855
Excess (deficiency) of revenues over (under) expenditures	(15,589)	(216,493)	14,765	52,984	-	(164,333)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	193,829	-	-	-	193,829
Total other financing sources (uses)	-	193,829	-	-	-	193,829
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(15,589)	(22,664)	14,765	52,984	-	29,496
Fund balance at beginning of year	85,032	24,104	18,736	-	-	127,872
Fund balance at end of year	\$ 69,443	\$ 1,440	\$ 33,501	\$ 52,984	\$	\$ 157,368

## CITY OF BASEHOR, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
SPECIAL PARKS AND RECREATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Capital Projects			Total Nonmajor Governmental Funds	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Cedar Lakes Maintenance	Glenwood Sewer Maintenance	Total Capital Projects Funds					Original	Final	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
40,000	33,000	73,000	105,081	26,616	-	14,664	15,000	15,000		(316)
			99,616	2,677		26,616	17,000	17,000		9,616
			2,677			2,677	10	10		2,667
			15,000			417	400	400		17
315	385	700	1,848	44,374	-	44,374	32,410	32,410		11,964
40,315	33,385	73,700	224,222							
28,293	22,103	50,396	140,158	44,636		44,636	61,500	61,500		16,864
			2,058	15,327		15,327				(15,327)
28,293	22,103	50,396	365,251	59,963	-	59,963	61,500	61,500		1,537
12,022	11,282	23,304	(141,029)	(15,589)	-	(15,589)	(29,090)	(29,090)		13,501
			195,829	85,032	-	85,032				
			193,829							
12,022	11,282	23,304	52,800							
78,157	93,070	171,227	299,099							
\$ 90,179	\$ 104,352	\$ 194,531	\$ 351,899	\$ 69,443	\$	\$ 69,443				

## CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**MUNICIPAL EQUIPMENT RESERVE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive (Negative)
			Original	Final	
Revenues:					
Interest received	\$ 452	\$ -	\$ -	\$ -	\$ 452
Total Revenues	<u>452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452</u>
Expenditures:					
Capital outlay	207,232				
Other equipment purchases	9,713				
Total Expenditures	<u>216,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,232)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(216,493)	-	-	-	(216,493)
Other Financing Sources					
Transfers In	193,829				
Total other financing sources	<u>193,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,829</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(22,664)	-	(22,664)	-	(22,664)
Fund Balance, January 1	24,104	-	24,104	-	
Fund Balance, December 31	<u>\$ 1,440</u>	<u>-</u>	<u>\$ 1,440</u>	<u>-</u>	<u>\$ (22,664)</u>

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## CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET**  
**SPECIAL ALCOHOL AND DRUG FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis		Variance with Final Budget Positive (Negative)
			Original	Final	
Revenues:					
Taxes	\$ 14,664	\$ -	\$ 14,664	\$ -	\$ 14,664
Interest income	101		101		101
Total Revenues	<u>14,765</u>	<u>-</u>	<u>14,765</u>	<u>-</u>	<u>14,765</u>
Expenditures:					
Contractual services	-		-		-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	14,765	-	14,765	-	14,765
Fund Balance, January 1	18,736	-	18,736	-	
Fund Balance, December 31	<u>\$ 33,501</u>	<u>-</u>	<u>\$ 33,501</u>	<u>-</u>	<u>\$ 14,765</u>

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## CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
PARKS AND RECREATION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis		Budgeted Amounts	Final	Variance with Final Budget Positive (Negative)
			Basis	Basis	Original		
<b>Revenues:</b>							
Taxes	\$ 75,753	\$ -	\$ 75,753	\$ 75,753	\$ 76,003	\$ 76,003	\$ (250)
Fees income					500	500	(500)
Use of property	15,000	-	15,000	-	-	-	15,000
Interest income	178	-	178	-	-	-	178
<b>Total Revenues</b>	<b>90,931</b>	<b>-</b>	<b>90,931</b>	<b>-</b>	<b>76,503</b>	<b>76,503</b>	<b>14,428</b>
<b>Expenditures:</b>							
Contractual expenses	35,413	-	35,413	-	75,750	75,750	40,337
Commodities	2,058	-	2,058	-	-	-	(2,058)
Neighborhood Revitalization	476	-	476	-	-	-	(476)
<b>Total Expenditures</b>	<b>37,947</b>	<b>-</b>	<b>37,947</b>	<b>-</b>	<b>75,750</b>	<b>75,750</b>	<b>37,903</b>
<b>Excess of Revenues Over Expenditures</b>	<b>52,984</b>	<b>-</b>	<b>52,984</b>	<b>-</b>	<b>753</b>	<b>753</b>	<b>52,232</b>
<b>Fund Balance, January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, December 31</b>	<b>\$ 52,984</b>	<b>\$ -</b>	<b>\$ 52,984</b>	<b>\$ -</b>	<b>\$ 52,984</b>	<b>\$ 52,984</b>	<b>\$ 52,984</b>

## CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
CEDAR LAKE MAINTENANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis		Budgeted Amounts	Final	Variance with Final Budget Positive (Negative)
			Basis	Basis	Original		
<b>Revenues:</b>							
Licenses, permits and fees	\$ 40,000	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Use of money and property	315	-	315	-	-	-	315
<b>Total Revenues</b>	<b>40,315</b>	<b>-</b>	<b>40,315</b>	<b>-</b>	<b>40,000</b>	<b>40,000</b>	<b>315</b>
<b>Expenditures:</b>							
Contractual expenses	28,293	-	28,293	-	40,000	40,000	11,707
<b>Total Expenditures</b>	<b>28,293</b>	<b>-</b>	<b>28,293</b>	<b>-</b>	<b>40,000</b>	<b>40,000</b>	<b>11,707</b>
<b>Excess of Revenues Over Expenditures</b>	<b>12,022</b>	<b>-</b>	<b>12,022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,022</b>
<b>Fund Balance, January 1</b>	<b>78,157</b>	<b>-</b>	<b>78,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance, December 31</b>	<b>\$ 90,179</b>	<b>\$ -</b>	<b>\$ 90,179</b>	<b>\$ -</b>	<b>\$ 90,179</b>	<b>\$ 90,179</b>	<b>\$ 90,179</b>

## CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
GLENNWOOD SEWER MAINTENANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts	Variance with Final Budget Positive (Negative)
				Original	Final
Revenues:					
Licenses, permits and fees	\$ 33,000	\$ -	\$ 33,000	\$ 33,000	\$ -
Interest income	385	-	385	150	235
Total Revenues	33,385	-	33,385	33,150	235
Expenditures:					
Contractual expenses	22,103	-	22,103	33,000	10,897
Total Expenditures	22,103	-	22,103	33,000	10,897
Excess of Revenues Over Expenditures	11,282	-	11,282	150	1,133
Fund Balance, January 1	93,070	-	93,070		
Fund Balance, December 31	\$ 104,352	\$ -	\$ 104,352		

## CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET  
BOND AND INTEREST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Revenues:						
County and state taxes	\$ 488,647	\$ -	\$ 488,647	\$ 443,722	\$ 443,722	\$ 44,925
Intergovernmental						
Special assessments	276,072	-	276,072	284,748	284,748	(8,676)
Use of money and property	4,764	-	4,764	2,500	2,500	2,264
Miscellaneous						
Total Revenues	769,483	-	769,483	730,970	730,970	38,513
Expenditures:						
Debt service						
Principal	2,108,942	-	2,108,942	1,186,005	1,186,005	(922,937)
Interest	183,622	(265)	183,357			(183,357)
Prepaid special assessments						
Neighborhood revitalization	50	-	50			(50)
Total Expenditures	2,292,614	(265)	2,292,349	1,186,005	1,186,005	(1,106,344)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,523,131)	265	(1,522,866)	(455,035)	(455,035)	(1,067,831)
Other Financing Sources (Uses)						
Transfers in	31,274	-	31,274			31,274
Cost of issuance	(51,165)	-	(51,165)			(51,165)
Bond Proceeds	1,591,076	-	1,591,076			1,591,076
Total Other Financing Sources (Uses)	1,571,185	-	1,571,185			1,571,185
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	48,054	265	48,319	(455,035)	(455,035)	503,353
Fund Balance, January 1	465,898	-	465,898			
Prior year adjustment	-	-	-			
Fund Balance, December 31	\$ 513,952	\$ 265	\$ 514,216			



## CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - ACTUAL AND BUDGET  
SEWER UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts	Variance with Final Budget
				Original	Final
Revenues:					
Charges for services	\$ 1,674,960	\$ (50,445)	\$ 1,624,515	\$ 1,545,961	\$ 1,545,961
Total Revenues	1,674,960	(50,445)	1,624,515	1,545,961	1,545,961
Expenditures:					
Personnel services	267,976	29,460	297,436	2,295,196	2,295,196
Contractual services	511,277	-	511,277	-	-
Commodities	41,090	-	41,090	-	-
Capital outlay	-	19,016	19,016	-	-
Depreciation	503,256	(503,256)	-	-	-
Total Expenditures	1,323,599	(454,780)	868,819	2,295,196	2,295,196
Operating income (loss)	351,361	404,335	755,696	(749,235)	(749,235)
Other Financing Sources (Uses)					
Interest expense	(110,822)	7,792	(103,030)	-	-
Debt principal	-	(1,956,058)	(1,956,058)	-	-
Debt issue	-	1,427,860	1,427,860	-	-
Connection fees	448,300	-	448,300	295,000	295,000
Special assessments	50	-	50	1,800	1,800
Interest income	10,448	-	10,448	5,000	5,000
Miscellaneous income	41,593	-	41,593	40,000	40,000
Transfers (out)	(31,274)	-	(31,274)	-	-
Total Other Financing Sources (Uses)	358,295	(520,406)	(162,111)	341,800	341,800
Change in net position	709,656	(116,071)	593,585	(407,435)	(407,435)
Net position, January 1	9,633,792	(7,678,111)	1,955,681	-	-
Prior year adjustment	298,100	-	298,100	-	-
Net position, December 31	\$ 10,641,548	\$ (7,794,182)	\$ 2,847,366	-	-

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## CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - ACTUAL AND BUDGET  
SOLID WASTE UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts	Variance with Final Budget
				Original	Final
Revenues:					
Charges for services	\$ 524,840	\$ (14,371)	\$ 510,469	\$ 435,154	\$ 511,080
Total Revenues	524,840	(14,371)	510,469	435,154	511,080
Expenditures:					
Personnel services	75,510	(1,747)	73,763	-	-
Contractual services	432,265	-	432,265	519,854	453,391
Commodities	3,221	-	3,221	-	-
Total Expenditures	510,996	(1,747)	509,249	519,854	453,391
Operating income (loss)	13,844	(12,624)	1,220	(84,700)	57,689
Other Financing Sources (Uses)					
Interest income	342	-	342	501	501
Miscellaneous income	1,540	-	1,540	8,000	8,000
Transfers (out)	-	-	-	-	(88,000)
Total Other Financing Sources (Uses)	1,882	-	1,882	8,501	(79,499)
Change in net position	15,726	(12,624)	3,102	(76,199)	(21,810)
Net position, January 1	86,052	(34,604)	51,448	-	-
Net position, December 31	\$ 101,778	\$ (47,228)	\$ 54,550	-	-

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Single Audit of  
Federal Financial Assistance



Michael D. Perco, CPA, PA

**Independent Auditors' Report On Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

To the City Council  
City of Baselor, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baselor, Kansas (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 18, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Michael D. Perco, CPA, PA

Michael D. Perco, CPA, PA

Olathe, Kansas

June 18, 2021



Michael D. Peroo CPA, PA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE BY THE UNIFORM GUIDANCE

To the City Council  
City of Baselor, Kansas

Report on Compliance for Each Major Federal Program

We have audited the City of Baselor, Kansas (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of

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expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Michael D. Peroo, CPA, PA

Michael D. Peroo, CPA PA

Olathe, Kansas

June 18, 2021

**CITY OF BASEHOR, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Program Receipts	Program Disbursements
U.S. Department of Treasury Kansas Department of Health & Environment CARES Act - Coronavirus Relief Fund	21.019	\$ 1,220,728	\$ 1,220,728
Total		\$ 1,220,728	\$ 1,220,728

**CITY OF BASEHOR, KANSAS**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2020**

**1. ORGANIZATION**

The City of Basehor, Kansas (City) is the recipient of the CARES Act – Coronavirus Relief Fund. All federal awards received are directly from federal agencies as well as those awards that are passed through Leavenworth County are included on the schedule of Expenditures of Federal Awards.

**2. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statement. The City elected not to use the 10% de minimis indirect cost rate.

**3. LOCAL GOVERNMENT CONTRIBUTIONS**

Local cost sharing, as defined by Title 2 CFR Part 200, Subpart D, Section 200.306, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

**4. ADDITIONAL AUDITS**

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2020.

**5. OUTSTANDING LOANS**

The City did not have any outstanding loans under any federal grants at December 31, 2020.

**CITY OF BASEHOR, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

<b>Financial Statement</b>	Unmodified
Type of auditor's report issued	Yes <input checked="" type="checkbox"/> None
Internal control over financial reporting:	
Material weaknesses identified?	Yes <input checked="" type="checkbox"/> None Reported
Reportable conditions identified not considered to be material weaknesses?	Yes <input checked="" type="checkbox"/> None
Noncompliance material financial statement noted?	
<b>Federal Awards</b>	
Internal controls over major programs:	
Material weaknesses identified?	Yes <input checked="" type="checkbox"/> None
Reportable conditions identified not considered to be material weaknesses?	Yes <input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)?	Yes <input checked="" type="checkbox"/> No
Identification of major programs:	
<b>Name of Federal Program</b>	<b>CFDA Number</b>
CAREs Act - Coronavirus Relief Fund	21.0119
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes <input checked="" type="checkbox"/> No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no matters required to be reported in accordance with generally accepted government auditing standards.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no current year findings or questioned costs required to be reported in accordance with the Uniform Guidance.

**FORM OF LEGAL OPINION**

(See following pages)

**GILMORE & BELL, P.C.**  
**Attorneys at Law**  
**100 N. Main            Suite 800**  
**Wichita, Kansas 67202**

[June 16, 2022]

Governing Body  
City of Basehor, Kansas

[Purchaser]  
[Purchaser City, State]

Re:     \$10,000,000 General Obligation Bonds, Series 2022-A, of the City of Basehor,  
         Kansas, Dated June 16, 2022

We have acted as Bond Counsel in connection with the issuance by the City of Basehor, Kansas (the “Issuer”), of the above-captioned bonds (the “Bonds”). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the resolution adopted by the governing body of the Issuer prescribing the details of the Bonds.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1.        The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.

2.        The Bonds are payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.

3.        The interest on the Bonds (including any original issue discount properly allocable to an owner of a Bond) is: (a) excludable from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds are “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.



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

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

**GILMORE & BELL, P.C.**

### BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities 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 Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities 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 City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, 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 City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

(See following pages)

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**CONTINUING DISCLOSURE UNDERTAKING**

**DATED AS OF JUNE 16, 2022**

**BY**

**CITY OF BASEHOR, KANSAS**

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**CITY OF BASEHOR, KANSAS  
GENERAL OBLIGATION BONDS  
SERIES 2022-A  
DATED JUNE 16, 2022**

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## CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of June 16, 2022 (the “Continuing Disclosure Undertaking”), is executed and delivered by **THE CITY OF BASEHOR, KANSAS** (the “Issuer”).

### RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2022-A (the “Bonds”), pursuant to an Ordinance and Resolution adopted by the governing body of the Issuer (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](http://www.emma.msrb.org).

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

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

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

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

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

## **Section 2. Provision of Annual Reports.**

(a) The Issuer shall, not later than June 30 after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending December 31, 2022, 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 last day of the sixth 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.

**CITY OF BASEHOR, KANSAS**

(SEAL)

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Mayor

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Clerk

## ***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:

- Trend of Assessed Valuation
- Tax Levies and Collections – Tax Collections
- Larger Taxpayers
- Tax Mill Levies
- Direct Debt – General Obligation Debt\*

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

**NOTICE OF BOND SALE**

**NOTICE OF BOND SALE**  
  
**\$10,000,000\***  
  
**CITY OF BASEHOR, KANSAS**  
  
**GENERAL OBLIGATION BONDS**  
**SERIES 2022-A**

(GENERAL OBLIGATION BONDS PAYABLE  
FROM UNLIMITED AD VALOREM TAXES)

**Bids.** Electronic bids (as explained below) for the purchase of the above-referenced bonds (the “Bonds”) of the City of Basehor, Kansas (the “Issuer”) herein described will be received on behalf of the undersigned Clerk of the Issuer via PARITY® until 10:00 A.M. applicable Central Time (the “Submittal Hour”), on

**MAY 25, 2022**

(the “Sale Date”). All bids will be publicly evaluated at said time and place and the award of the Bonds to the successful bidder (the “Successful Bidder”) will be acted upon by the City Council of the Issuer (the “Governing Body”) at its meeting to be held at 7:00 P.M. on the Sale Date. No other written, email or facsimile bids will be considered. Capitalized terms not otherwise defined herein shall have the meanings set forth in the hereinafter referenced Preliminary Official Statement relating to the Bonds.

**Terms of the Bonds.** The Bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). The Bonds will be dated June 16, 2022 (the “Dated Date”), and will become due in principal installments on September 1 in the years as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2024	\$375,000	2034	\$495,000
2025	385,000	2035	510,000
2026	395,000	2036	530,000
2027	405,000	2037	545,000
2028	415,000	2038	565,000
2029	430,000	2039	580,000
2030	440,000	2040	600,000
2031	455,000	2041	620,000
2032	465,000	2042	645,000
2033	480,000	2042	665,000

The Bonds will bear interest from the Dated Date at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 2023 (the “Interest Payment Dates”).

**\*Adjustment of Issue Size.** The Issuer reserves the right to increase or decrease the total principal amount of the Bonds or the schedule of principal payments described above, depending on the purchase price and interest rates bid and the offering prices specified by the Successful Bidder. The Successful Bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the Bonds or the schedule of principal payments as described herein. If there is an increase or decrease in the final aggregate principal amount of the Bonds or the schedule of principal payments as described above, the Issuer will notify the Successful Bidder by means of telephone or facsimile transmission, subsequently confirmed in writing, no later than 2:00 p.m. applicable Central Time, on the Sale Date. The actual purchase price for the Bonds shall be calculated by applying the percentage of par value bid by the Successful Bidder against the final aggregate principal amount of the Bonds, as adjusted, plus accrued interest from the Dated Date to the Closing Date (as hereinafter defined).

**Place of Payment.** The principal of and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"). The principal of each Bond will be payable at maturity or earlier redemption to the owner thereof whose name is on the registration books (the "Bond Register") of the Bond Registrar (the "Registered Owner") upon presentation and surrender at the principal office of the Paying Agent. Interest on each Bond will be payable to the Registered Owner of such Bond as of the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the "Record Date") (a) mailed by the Paying Agent to the address of such Registered Owner as shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered 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 wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address to which such Registered Owner wishes to have such wire directed.

**Bond Registration.** The Bonds will be registered pursuant to a plan of registration approved by the Issuer and the Attorney General of the State of Kansas (the "State"). The Issuer will pay for the fees of the Bond Registrar for registration and transfer of the Bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, will be the responsibility of the Owners.

**Book-Entry-Only System.** The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will initially be issued exclusively in "book entry" form and shall be initially registered in the name of Cede & Co., as the nominee of DTC and no beneficial owner will receive certificates representing their interests in the Bonds. During the term of the Bonds, so long as the book-entry-only system is continued, the Issuer will make payments of principal of, premium, if any, and interest on the Bonds to DTC or its nominee as the Registered Owner of the Bonds. DTC will make book-entry-only transfers among its participants and receive and transmit payment of principal of, premium, if any, and interest on the Bonds to its participants who shall be responsible for transmitting payments to beneficial owners of the Bonds in accordance with agreements between such participants and the beneficial owners. The Issuer will not be responsible for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that continuation of the book-entry-only form of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Issuer will discontinue the book-entry-only form of registration with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer will cause to be authenticated and delivered to the beneficial owners replacement Bonds in the form of fully registered certificates. Reference is made to the Official Statement for further information regarding the book-entry-only system of registration of the Bonds and DTC.

### **Redemption of Bonds Prior to Maturity.**

**General.** Whenever the Issuer is to select Bonds for the purpose of redemption, it will, in the case of Bonds in denominations greater than the minimum Authorized Denomination, if less than all of the Bonds then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such fully registered Bond as though it were a separate Bond in the minimum Authorized Denomination.

**Optional Redemption.** At the option of the Issuer, Bonds maturing on September 1 in the years 2033, and thereafter, will be subject to redemption and payment prior to maturity on September 1, 2032, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

**Mandatory Redemption.** A bidder may elect to have all or a portion of the Bonds scheduled to mature in consecutive years issued as term bonds (the “Term Bonds”) scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, subject to the following conditions: (a) not less than all Bonds of the same serial maturity shall be converted to Term Bonds with mandatory redemption requirements; and (b) a bidder shall make such an election by completing the applicable information on PARITY®.

**Notice and Effect of Call for Redemption.** Unless waived by any owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar, any provider of municipal bond insurance and the Successful Bidder. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the registered owners of said Bonds. Each of said written notices shall be deposited in United States first class mail not less than 30 days prior to the Redemption Date. All notices of redemption shall state the Redemption Date, the redemption price, the Bonds to be redeemed, the place of surrender of Bonds so called for redemption and a statement of the effect of the redemption. The Issuer shall also give such additional notice as may be required by State law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Bond be called for redemption and payment as aforesaid, all interest on such Bond shall cease from and after the Redemption Date, provided funds are available for its payment at the price hereinbefore specified.

**Authority, Purpose and Security.** The Bonds are being issued pursuant to K.S.A. 12-685 *et seq.*, K.S.A. 12-1736 *et seq.*, as amended by Charter Ordinance No. 27 of the Issuer, all as amended, and an ordinance and a resolution adopted by the Governing Body (collectively the “Bond Resolution”) for the purpose of paying a portion of the cost of certain capital improvements (the “Improvements”). The Bonds shall be general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

**Submission of Bids.** All bids must be submitting using the PARITY® bidding platform and must be submitted in accordance with its Rules of Participation, as well as the provisions of this Notice of Bond Sale. ***Any bid submitted shall include the initial offering prices to the public for each maturity of the Bonds.*** If provisions of this Notice of Bond Sale conflict with those of PARITY®, this Notice of Bond Sale



shall control. Bids must be received prior to the Submittal Hour on the Sale Date accompanied by the Deposit (as hereinafter defined), which may be submitted separately.

**PARITY®.** Information about the electronic bidding services of PARITY® may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5023.

**Conditions of Bids.** Proposals will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) the same rate shall apply to all Bonds of the same maturity year; (b) no interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond published by **THE BOND BUYER**, in New York, New York, on the Monday next preceding the day on which the Bonds are sold, plus 3%; and (c) no supplemental interest payments will be considered. No bid for less than **[98.80%]** of the principal amount of the Bonds and accrued interest thereon to the date of delivery will be considered. Each bid shall specify the total interest cost (expressed in dollars) during the term of the Bonds on the basis of such bid, the discount, if any, the premium, if any, offered by the bidder, the net interest cost (expressed in dollars) on the basis of such bid, and an estimate of the TIC (as hereinafter defined) on the basis of such bid. Each bidder shall certify to the Issuer the correctness of the information contained on the Official Bid Form; the Issuer will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the Bonds, it will provide the certification described under the caption "Establishment of Issue Price" in this Notice.

**Good Faith Deposit.** A good faith deposit (the "Deposit") in the amount of \$200,000 payable to the Financial Advisor is required in order to secure the Issuer from any loss resulting from the failure of the bidder to comply with the terms of its bid.

The Deposit may be submitted at the address hereinafter set forth in either of the following forms:

(a) *Certified or Cashier's Check.* Certified or cashier's check drawn on a bank located in the United States of America received by the Financial Advisor **prior to the Submittal Hour**; or

(b) *Wire Transfer.* Wire transfer submitted to the Financial Advisor by the Successful Bidder in Federal Reserve funds, **not later than 2:00 p.m. applicable Central Time on the Sale Date** (wire transfer information may be obtained from the Municipal Advisor at the addresses set forth below).

Contemporaneously with the submission of a wire transfer Deposit, such bidder shall send an email to the Municipal Advisor at the email address set forth below, including the following information: (a) notification that a wire transfer has been made; (b) the amount of the wire transfer; and (c) return wire transfer instructions in the event such bid is unsuccessful. Checks submitted for Deposits by unsuccessful bidders will be returned; wire transfer Deposits submitted by unsuccessful bidders will not be accepted or shall be returned in the same manner received on the next business day following the Sale Date. The Issuer reserves the right to withhold reasonable charges for any fees or expenses incurred in returning a wire transfer Deposit. No interest on the Deposit will be paid by the Issuer. If a bid is accepted, the Deposit, or the proceeds thereof, will be held by the Issuer until the Successful Bidder has complied with all of the terms and conditions of this Notice at which time the amount of said Deposit shall be returned to the Successful Bidder or deducted from the purchase price at the option of the Issuer. If a bid is accepted but the Issuer fails to deliver the Bonds to the Successful Bidder in accordance with the terms and conditions of this Notice, said Deposit, or the proceeds thereof, will be returned to the Successful Bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this Notice, the proceeds of such Deposit will be retained by the Issuer as and for liquidated damages.

**Basis of Award.** Subject to the timely receipt of the Deposit set forth above, the award of the Bonds will be made on the basis of the lowest net interest cost (expressed in dollars), which will be

determined by subtracting the amount of the premium bid, if any, from or adding the amount of the discount bid, if any, to the total interest cost to the Issuer. The Issuer Municipal Advisor will compute the net interest cost based on such bids. If there is any discrepancy between the net interest cost specified and the interest rates specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the Governing Body will determine which bid, if any, will be accepted, and its determination is final.

The Issuer reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any bid received after the Submittal Hour on the Sale Date will not be considered. Any disputes arising hereunder shall be governed by the laws of the State, and any party submitting a bid agrees to be subject to jurisdiction and venue of the federal and state courts within the State with regard to such dispute.

The Issuer's acceptance of the Successful Bidder's proposal for the purchase of the Bonds in accordance with this Notice of Bond Sale shall constitute a bond purchase agreement between the Issuer and the Successful Bidder for purposes of the laws of the State and a contract between the Issuer and the Successful Bidder for the purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and Rule G-32 of the Municipal Securities Rulemaking Board ("Rule G-32"). The method of acceptance shall be determined solely by the Governing Body.

**Bond Ratings.** The outstanding general obligation bonds of the Issuer are rated "AA+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"). The Issuer has applied to S&P for a rating on the Bonds herein offered for sale.

**Optional Bond Insurance.** The Issuer has **not** applied for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance, and any bidder desires to purchase such policy, such indication and the name of the desired insurer must be set forth on the bidder's Official Bid Form. The Issuer specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the Issuer.

If the Successful Bidder elects to purchase the Bonds with municipal bond insurance, certain rating agencies will assign their ratings to the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by such bond insurer. All costs associated with the purchase and issuance of such municipal bond insurance policy and associated ratings and expenses (other than any independent rating requested by the Issuer) shall be paid by the Successful Bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the Successful Bidder to accept delivery of the Bonds.

**CUSIP Numbers.** CUSIP identification numbers will be assigned and printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Notice. The Successful Bidder will apply for CUSIP numbers. All expenses in relation to the assignment and printing of CUSIP numbers on the Bonds will be paid by the Successful Bidder.

**Delivery and Payment.** The Issuer will pay for preparation of the Bonds and will deliver the Bonds properly prepared, executed and registered without cost on or about **JUNE 16, 2022** (the "Closing Date"), to DTC for the account of the Successful Bidder. The Successful Bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual

closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Bonds shall be made in federal reserve funds, immediately available for use by the Issuer. The Issuer will deliver one Bond of each maturity registered in the nominee name of DTC.

#### **Establishment of Issue Price.**

(a) In order to provide the Issuer with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the “Code”), the Successful Bidder will be required to assist the Issuer in establishing the “issue price” of the Bonds and complete, execute and deliver to the Issuer prior to the Closing Date, a written certification in a form acceptable to the Successful Bidder, the Issuer and Bond Counsel (the “Issue Price Certificate”) containing the following for each maturity of the Bonds: (1) the interest rate; (2) the reasonably expected initial offering price to the “public” (as said term is used in Treasury Regulation Section 1.148-1(f) (the “Regulation”)) or the sale price; and (3) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Successful Bidder has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the Issuer pursuant hereto may be taken or received by the Financial Advisor or Bond Counsel on behalf of the Issuer.

(b) The Issuer intends that the sale of the Bonds pursuant to this Notice shall constitute a “competitive sale” as defined in the Regulation. In support thereof: (1) the Issuer shall cause this Notice to be disseminated to potential bidders in a manner reasonably designed to reach potential bidders; (2) all bidders shall have an equal opportunity to submit a bid; (3) the Issuer reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and (4) the Issuer anticipates awarding the sale of the Bonds to the bidder that provides a bid with the lowest TIC in accordance with the section hereof entitled “Basis of Award.”

(c) Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Bonds as specified therein. The Successful Bidder shall constitute an “underwriter” as said term is defined in the Regulation. By submitting its bid, the Successful Bidder confirms that it shall require any agreement among underwriters, a selling group agreement or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with provisions of the Code and the Regulation regarding the initial sale of the Bonds.

(d) If all of the requirements of a “competitive sale” are not satisfied, the Issuer shall advise the Successful Bidder of such fact at the time of award of the sale of the Bonds to the Successful Bidder and the following provisions shall apply to the Bonds. ***In such event, any bid submitted will not be subject to cancellation or withdrawal.*** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Successful Bidder shall advise the Issuer if a “substantial amount” (as defined in the Regulation (10%)) of any maturity of the Bonds has been sold to the public and the price at which such substantial amount was sold. The Issuer will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The Issuer will ***not*** require the Successful Bidder to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Successful Bidder may elect such option. If the Successful Bidder exercises such option, the Issuer will apply the initial offering price to the public provided in the bid as the issue price for such maturities. If the Successful Bidder does not exercise that option, it shall thereafter promptly provide the Issuer the prices at which a substantial amount of such maturities are sold to the public. ***Any change in the***

***issue price of any of the Bonds after the Submittal Hour will not affect the purchase price for the Bonds submitted in the bid of the Successful Bidder.***

(e) This agreement by the Successful Bidder to provide such information will continue to apply after the Closing Time if: (a) the Issuer requests the information in connection with an audit or inquiry by the Internal Revenue Service (the “IRS”) or the Securities and Exchange Commission (the “SEC”) or (b) the information is required to be retained by the Issuer pursuant to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

**Preliminary Official Statement and Official Statement.** The Issuer has prepared a Preliminary Official Statement dated relating to the Bonds, “deemed final” by the Issuer except for the omission of certain information as provided in the Rule, copies of which may be obtained from the Financial Advisor. Upon the sale of the Bonds, the Issuer will adopt the final Official Statement and will furnish the Successful Bidder, without cost, within seven business days of the acceptance of the Successful Bidder’s proposal, with a sufficient number of copies thereof, which may be in electronic format, in order for the Successful Bidder to comply with the requirements of the Rule and Rule G-32. Additional copies may be ordered by the Successful Bidder at its expense.

**Continuing Disclosure.** In the Bond Resolution, the Issuer has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. This covenant is for the benefit of and is enforceable by any Registered Owner of the Bonds. For further information, reference is made to the caption “CONTINUING DISCLOSURE” in the Preliminary Official Statement.

**Assessed Valuation and Indebtedness.** The total assessed valuation of the taxable tangible property within the Issuer for the year 2021 is \$107,016,915. The total general obligation indebtedness of the Issuer as of the Dated Date, including the Bonds being sold, is \$19,935,000.

**Legal Opinion.** The Bonds will be sold subject to the approving legal opinion of GILMORE & BELL, P.C., WICHITA, KANSAS, Bond Counsel to the Issuer, which opinion will be furnished and paid for by the Issuer, will be printed on the Bonds, if the Bonds are printed, and will be delivered to the Successful Bidder when the Bonds are delivered. Said opinion will also include the opinion of Bond Counsel relating to the interest on the Bonds being excludable from gross income for federal income tax purposes and exempt from income taxation by the State. Reference is made to the Preliminary Official Statement for further discussion of federal and State income tax matters relating to the interest on the Bonds.

**Electronic Transactions.** The transactions described herein may be conducted and related documents may be sent, received and stored by electronic means or transmissions. All bid documents, closing documents, certificates, ordinances, resolutions and related instruments may be executed by electronic means or transmissions. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic means or transmissions) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Additional Information.** Additional information regarding the Bonds may be obtained from the Financial Advisor at the address set forth below:

**DATED: April 27, 2022.**

**CITY OF BASEHOR, KANSAS**

By: Katherine Renn, Clerk

***Issuer Address:***

2620 North 155th Street, Basehor, Kansas 66007

Attn: Katherine Renn, Clerk

Phone No.: (913) 724-1370

Fax No.: (913) 724-3388

Email: [krenn@cityofbasehor.org](mailto:krenn@cityofbasehor.org)

***Financial Advisor - Good Faith Deposit Delivery Address:***

Ehlers Municipal Advisors

3060 Centre Point Drive

Attn: Bruce Kimmell

Phone No.: (651) 694-8572

Email: [bkimmel@ehlers-inc.com](mailto:bkimmel@ehlers-inc.com)

# PROPOSAL FORM

The City Council  
City of Basehor, Kansas (the "City")

May 25, 2022

RE: \$10,000,000\* General Obligation Bonds, Series 2022-A (the "Bonds")  
DATED: June 16, 2022

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$\_\_\_\_\_ (not less than \$9,880,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2024	_____ % due 2031	_____ % due 2038
_____ % due 2025	_____ % due 2032	_____ % due 2039
_____ % due 2026	_____ % due 2033	_____ % due 2040
_____ % due 2027	_____ % due 2034	_____ % due 2041
_____ % due 2028	_____ % due 2035	_____ % due 2042
_____ % due 2029	_____ % due 2036	_____ % due 2043
_____ % due 2030	_____ % due 2037	

\* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$200,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about June 16, 2022.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: \_\_\_\_ NO: \_\_\_\_.

If the competitive sale requirements are not met, we elect to use either the: \_\_\_\_ 10% test, or the \_\_\_\_ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members:

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 16, 2022 of the above proposal is \$\_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_%.

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The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Basehor, Kansas, on May 25, 2022.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_