

## OFFICIAL STATEMENT

### BANK QUALIFIED BOOK-ENTRY ONLY

NOTE RATING: S&P “SP-1+”

*In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Notes is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax, and is exempt from income taxation by the State of Kansas. The Notes have been designated “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3). See “TAX MATTERS - Opinion of Bond Counsel” herein.*

**\$1,145,000**  
**CITY OF KECHI, KANSAS**  
**GENERAL OBLIGATION TEMPORARY IMPROVEMENT NOTES**  
**SERIES A, 2025**

**Dated: December 4, 2025**

**Due: September 1, 2028**

The General Obligation Temporary Improvement Notes, Series A, 2025 (the “Notes” or the “Series A, 2025 Notes”), when issued, will be registered in the name of Cede & Co., as registered owner for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form only and purchasers will not receive certificates representing their interest in the Notes purchased. As long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to Note owners or registered owners shall mean Cede & Co., and shall not mean the Beneficial Owners (herein defined) of the Notes. See “THE NOTES – Book-Entry Only System” herein.

The Notes will be issued by the City of Kechi, Kansas (the “City” or the “Issuer”), as fully registered Notes without coupons in the denomination of \$5,000 or any integral multiple thereof. Principal of the Series A, 2025 Notes will be payable annually on September 1 as shown by the schedule below, and semiannual interest will be payable on March 1 and September 1, beginning on September 1, 2026. Principal will be payable upon presentation and surrender of the Notes by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as Note registrar and paying agent (the “Paying Agent” and “Note Registrar”).

#### MATURITY SCHEDULE

<u>Stated Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2028	\$1,145,000	3.375%	3.00%	487226SS2

(All plus accrued interest, if any)

<sup>(1)</sup> CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a subsidiary of The McGraw-Hill Companies, Inc. and is included solely for the convenience of the Owners of the Notes. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

The Notes will be subject to redemption prior to maturity at the option of the Issuer, on March 1, 2027, and any date thereafter as described herein. (See “THE NOTES – Redemption Provisions” herein.)

The Notes shall be general obligations of the Issuer, payable as to both principal and interest from (i) special assessments levied upon property benefited by the improvements, (ii) general obligation bonds issued to permanently finance said improvements, or (iii) lawfully available funds of the City, and, if not so paid, from ad valorem property taxes which may be levied without limitation as to rate or amount upon all of the taxable tangible property within the territorial limits of the City. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due. See “THE NOTES – Security for the Notes” herein.

The Notes are offered when, as and if issued by the Issuer, subject to the approval of legality by Spencer Fane LLP, Wichita, Kansas, Bond Counsel. It is expected that the Notes will be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about December 4, 2025.

*THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.*



The date of this Official Statement is November 12, 2025.

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

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

**THIS OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS "ESTIMATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.**

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

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**CITY OF KECHI, KANSAS  
220 WEST KECHI ROAD  
KECHI, KANSAS 67067**

**CITY COUNCIL**

Ashley Coleman, Mayor  
Matt Brewer, President of Council  
Kendra Baldrige, Councilmember  
Paul Dwyer, Councilmember  
Todd Hedstrom, Councilmember  
Karen Wiederstein, Councilmember

**CITY STAFF**

Matt Jensby, City Administrator  
Theresa Morlan, City Finance Director  
Debra Creekmore, City Clerk

**CITY ATTORNEY**

Andrew Kovar  
of  
Spencer Fane LLP  
Wichita, Kansas

**CERTIFIED PUBLIC ACCOUNTANT**

BFR CPA, LLC  
Wichita, Kansas

**BOND COUNSEL**

Spencer Fane LLP  
Wichita, Kansas

**FINANCIAL ADVISOR**

Piper Sandler & Co.  
Leawood, Kansas

**UNDERWRITER**

Northland Securities, Inc.  
Minneapolis, Minnesota

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

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**OFFICIAL STATEMENT**

**\$1,145,000  
CITY OF KECHI, KANSAS  
GENERAL OBLIGATION TEMPORARY IMPROVEMENT NOTES  
SERIES A, 2025**

**INTRODUCTION**

**General Matters**

The purpose of this Official Statement is to furnish information relating to the City of Kechi, Kansas (the "Issuer" or the "City") and the Issuer’s General Obligation Temporary Improvement Notes, Series A, 2025, dated December 4, 2025, to be issued in the principal amount of \$1,145,000 (the “Series A, 2025 Notes” or the “Notes”).

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

The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future.

**Continuing Disclosure**

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure for certain issues. The City has established an undertaking (the “Disclosure Undertaking”) to provide ongoing disclosure concerning the City for the benefit of owners of the Securities, as required under Section (b)(5)(I) of Securities and Exchange Commission Rule 15c2-12. For more information regarding the Disclosure Undertaking, see “APPENDIX C-Form of Continuing Disclosure Undertaking.”

In the past, the City entered into undertakings (the "Prior Undertakings") for the benefit of the holders of its securities to provide annual financial information and operating data to the Municipal Securities Rulemaking Board (“MSRB”), and to provide notice to the MSRB of certain events, pursuant to the requirements of the Rule. Certain of the Issuer’s filings for the previous five (5) years are set forth on the table below.

<b>Fiscal Year</b>		<b>Financial Information</b>		<b>Operating Data</b>	
<b><u>Ending December 31</u></b>	<b><u>Report Date</u></b>	<b><u>Filing Date</u></b>	<b><u>Filing Date</u></b>	<b><u>Filing Date</u></b>	<b><u>Filing Date</u></b>
2019	12/31/2020	11/06/2020	11/06/2020	11/06/2020	11/06/2020
2020	12/31/2021	12/01/2021	12/01/2021	10/12/2021	10/12/2021
2021	12/31/2022	12/13/2022	12/13/2022	12/13/2022	12/13/2022
2022	12/31/2023	12/06/2023	12/06/2023	12/06/2023	12/06/2023
2023	12/31/2024	12/11/2024	12/11/2024	12/11/2024	12/11/2024
2024	12/31/2025	Not Yet Due	Not Yet Due	Not Yet Due	Not Yet Due

The City incurred a financial obligation on March 22, 2021 in the form of a loan from the State of Kansas in the amount of \$970,377.95, but did not file an Event Notice until April 6, 2021.

**Additional Information**

All of the summaries of statutes, opinions, financial and statistical data, and other related reports and documents described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at the City Hall, 220 West Kechi Road, Kechi, Kansas 67067. Additional information regarding the Issuer and the Notes may be obtained from Debra Creekmore, City Clerk at City Hall, 220 West Kechi Road, Kechi, Kansas 67067 (316) 744-9287 or from the Financial Advisor, Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas 66211 (913) 345-3300.

## THE NOTES

### Authority for the Notes

The Notes are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123) and K.S.A. 12-6a01 *et seq.*, all as amended and supplemented, ordinances and resolutions of the City authorizing the projects and an ordinance and resolution adopted by the governing body of the Issuer authorizing the Notes (the "Note Resolution").

### Security for the Notes

The Notes are general obligations of the Issuer payable as to both principal and interest in part from (i) special assessments levied upon property benefited by the financed improvements, (ii) general obligation bonds issued to permanently finance said improvements, or from (iii) lawfully available funds of the City, and, if not so paid, from ad valorem property taxes which may be levied without limitation as to rate of amount upon all of the taxable tangible property within the territorial limits of the City. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

### Description of the Notes

Subject to the Book-Entry Only System, the Notes shall consist of fully registered Notes in the denomination of \$5,000 or any integral multiple thereof. The Notes shall be dated December 4, 2025 (the "Dated Date"). Interest on the Notes will be payable on March 1 and September 1 in each year beginning September 1, 2026 (the "Interest Payment Dates"). The principal of the Notes shall become due in the amounts and on the dates set forth on the cover page of this Official Statement subject to redemption and payment prior to maturity. The Notes shall bear interest (computed on the basis of a 360-day year consisting 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.

### Designation of Paying Agent and Note Registrar

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

### Method and Place of Payment of the Notes

Subject to the Book-Entry Only System, the principal of, or redemption price, and interest on the Notes shall be payable as follows in lawful money of the United States of America. The principal or redemption price of each Note shall be paid at maturity to the person in whose name such Note is registered on the Note Register at the maturity thereof, upon presentation and surrender of such Note at the principal office of the Paying Agent.

The interest payable on each Note on any Interest Payment Date shall be paid to the Owner of such Note as shown on the Note Register at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date (the "Record Date") for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Note Register or at such other address as is furnished to the Paying Agent in writing by such Owner, or (b) in the case only of an interest payment to an Owner who is a securities depository, by wire transfer to such Owner upon written notice given to the Paying Agent by such Owner not less than 15 days prior to the Record Date for such interest containing the electronic transfer instructions including the bank, address, ABA routing number and account number to which such owner wishes to have such wire directed.

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

### Registration, Transfer and Exchange of Notes

The provisions governing the registration, transfer and exchange of Notes are set out in the Issuer/Agent Agreement (the "Agreement") between the Issuer and the Note Registrar and are generally described as follows.

As long as any of the Notes remain Outstanding, subject to the Book-Entry Only System hereinafter described, each Note when issued shall be registered in the name of the Owner thereof on the Note Register. Notes may be transferred and exchanged only on the Note Register as provided in the Agreement. Upon surrender of any Note at the principal office of the Note Registrar, the Note Registrar shall transfer or exchange such Note for a new Note or Notes in any authorized denomination of the same stated maturity and in the same

aggregate principal amount as the Note that was presented for transfer or exchange. Notes presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Note Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

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

The Issuer and Note Registrar shall not be required to issue, register, transfer, or exchange any Notes during a period beginning on the day following the Record Date preceding any Interest Payment Date and ending on such Interest Payment Date or within 30 days of a date on which Notes are to be redeemed after proper notice of redemption has been given.

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

The provisions governing the replacement of mutilated, lost, stolen or destroyed Notes are set out in the Agreement between the Issuer and the Note Registrar, are governed by applicable provisions of the Uniform Commercial Code and are generally described as follows.

If (a) any mutilated Note is surrendered to the Note Registrar or the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (b) there is delivered to the Issuer and the Note Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Note Registrar that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Note Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of the same stated maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer, in its discretion, may pay such Note instead of issuing a new Note. Upon the issuance of any new Note, 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.

### **Non-Presentation of Notes**

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

### **Redemption Provisions**

**Optional Redemption.** At the option of the Issuer, the Notes may be called for redemption and payment prior to their stated maturity on March 1, 2027, or any date thereafter, as a whole or in part (selection of and the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

**Selection of Notes to be Redeemed.** Notes shall be redeemed in the principal amount of \$5,000 or any integral multiple thereof. If less than all of the Notes then outstanding are to be redeemed, then Notes of less than a full maturity will be selected by lot in units of \$5,000. If one or more, but not all, of the \$5,000 units of value represented by a Note is to be redeemed, then, upon receiving notice of such redemption, the Owner thereof (or the Owner's authorized agent) shall present the Note to the Note Registrar for payment of the principal of and interest on the \$5,000 units to be redeemed, and for exchange, without charge to the Owner, for a new Note in the amount of the unredeemed portion of such Note.

**Notice and Effect of Call for Redemption.** Unless waived by any Owner of Notes to be redeemed, if the Issuer calls any Notes for redemption and payment prior to their maturity, the Issuer shall give written notice of its intention to call and pay said Notes to the Note Registrar. In addition, the Issuer shall cause the Note Registrar to give written notice of redemption to the Owners of said Notes. Each of

said written notices to Note Owners shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

At the option of the City, a notice of optional redemption may be made conditional upon moneys being on deposit with the Paying Agent on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date. If such notice is conditional and moneys are not received, the notice shall be of no force and effect, the Paying Agent shall not redeem such Notes and the Paying Agent shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Notes will not be redeemed.

On or prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Notes or portions of Notes that are to be redeemed on such Redemption Date. If official notice of redemption is given as described above, the Notes or portions of Notes to be redeemed shall become due and payable on the Redemption Date, at the redemption price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the redemption price) such Notes or portion of Notes shall cease to bear interest.

### **Book-Entry Only System**

The Notes are issued as book-entry only securities and will be initially registered in the name of Cede & Co., as the partnership nominee of The Depository Trust Company, acting as securities depository for the Notes (“DTC”). According to the procedures of DTC it is expected that during the term of the Notes DTC will make book-entry transfers among its Participants and receive and transmit payment of principal, premium, if any, and interest on the Notes to the Participants as well as any notices of redemption for the Notes. While the Notes remain registered in the name of Cede & Co., references in this Official Statement to Owner or Registered Owner of a Note shall mean Cede & Co. and not the beneficial owners of the Notes under the Book-Entry Only System as described herein. If the book-entry only system is discontinued and a successor securities depository not appointed, the Issuer will deliver replacement Notes to the beneficial owner of the Notes as provided in the Note Resolution. The practices of DTC with respect to the book-entry only system are described herein in the section entitled “The Depository Trust Company”.

## **THE DEPOSITORY TRUST COMPANY**

1. The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for 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 Note certificate will be issued for each scheduled maturity of the Notes, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

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

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

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

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

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

## THE PROJECT

The proceeds of the Notes will be used to pay for City infrastructure projects including water, sewer, paving and drainage projects for Turtle Creek Subdivision and costs of issuing the Notes.

### SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds from the sale of the Notes:

#### Sources of Funds:

Principal Amount of the Notes	\$1,145,000.00
Reoffering Premium	<u>5,152.50</u>
Total =	<u>\$1,150,152.50</u>

#### Uses of Funds:

Project Costs	\$1,012,963.00
Capitalized Interest	86,626.43
Costs of Issuance	45,456.37
Underwriter's Discount	<u>5,106.70</u>
Total =	<u>\$1,150,152.50</u>

### RISK FACTORS AND INVESTMENT CONSIDERATIONS

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

#### Taxation of Interest on the Notes

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

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

#### Market for the Notes

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

**Secondary Market.** Subject to prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Notes. There is presently no secondary market for the Notes and no assurance that a secondary market for the Notes will develop or, if developed, will not be disrupted by events including. Prices of Notes traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Notes as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Notes are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Consequently, investors may not be able to resell the Notes purchased should they need or wish to do so for emergency or other purposes.

## **Legal Matters**

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Notes. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer. Legislation adopted by the 2021 Kansas Legislature provides that, effective January 1, 2022 no Kansas municipality may approve an appropriation or budget or levy a tax rate exceeding the municipality's revenue neutral rate without first conducting a public hearing pursuant to certain notice procedures. See discussion in "Appendix A - FINANCIAL INFORMATION – Accounting, Budgeting and Auditing Procedures". Other changes in laws affecting the taxing authority of the City could limit the ability of the City to collect revenue sufficient to pay principal and interest on the Notes.

The City Attorney, Andrew Kovar, is a practicing attorney with Spencer Fane LLP, also acting as Bond Counsel with respect to the Notes.

## **Limitations on Remedies Available to Owners of the Notes**

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

## **Book-Entry System**

Purchasers of the Notes through broker-dealers become creditors of the broker-dealer with respect to the Notes. Records of the owners' holdings are maintained only by the broker-dealer and the owner. In the event of the insolvency of the broker-dealer, the owner would be required to look to the broker-dealer's estate, and to any insurance maintained by the broker-dealer, to make good the owner's loss. The Issuer is not responsible for failures to act by, or insolvencies of, the Securities Depository or any broker-dealer.

## **Premium on Notes**

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

## **Forward Looking Statements**

This Official Statement may contain statements relating to future results that are "forward looking statements" as defined in the Private Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "intend," "expect" and similar expressions identify forward looking statements. Any forward looking statement is subject to uncertainty and risks that would cause actual results to differ, possibly materially, from those contemplated in such forward looking statements. Inevitably, some assumptions used to develop forward looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results; those differences could be material.

## **Suitability of Investment**

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

## **Potential Impact of Epidemics or Pandemics**

The Issuer's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics, such as the Coronavirus (COVID-19) pandemic. The Issuer cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the local, State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the Issuer, including but not limited to the payment of debt service on any of its outstanding debt obligations.

The Issuer, like the rest of the country, has recently experienced significant increases in costs of gas, energy, and food, in addition to associated wage and salary pressures. Some cost increases were being driven by COVID-19- related supply chain disruptions, whereas others appear unrelated to the pandemic. Due to the varying contributors to the current inflationary environment, it is not possible to state with certainty the time period over which the recent price increases will continue. The Issuer cannot predict the extent of inflationary pressures on its wages and salaries or other operating costs.

Recent events with the COVID-19 pandemic have shown that an outbreak of infectious disease can trigger governmentally imposed restrictions and changes in consumer behavior which could negatively impact local economic conditions. Such changes can cause unemployment rates to rise, taxable sales to decrease, delinquencies in tax payments, and other negative pressures on economic activity which could result in decreased or delayed tax collections for the Issuer.

With respect to the COVID-19 pandemic, economic conditions have stabilized in the State. While conditions have significantly improved, new, more harmful variants of the virus or significant spreading of existing variants of the virus could cause reduced health care availability and reduced economic activity. Such reduced economic activity could in turn negatively impact sales taxes, property values, or the delays in the collections of such taxes, and the operations and finances of the Issuer could be negatively impacted.

## **Cybersecurity Risks**

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

## **Natural Disasters or Terrorist Attacks**

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

## **Kansas Public Employees Retirement System**

As described in "**APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans**," the Issuer participates in the Kansas Public Employees Retirement System ("KPERS"), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERS administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Public Employees Retirement System – Local Group (the "Plan"). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability ("UAAL"). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERS' Valuation Reports, KPERS had an aggregate UAAL of approximately \$8.516 billion in calendar year 2024, of which approximately \$2.173 billion was attributable to the Local Group and approximately \$1.521 billion was attributable to KP&F.

## ABSENCE OF LITIGATION

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

The Issuer certifies that there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the Notes or the validity of said Notes, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

## LEGAL MATTERS

All matters incident to the authorization and issuance of the Notes are subject to the approval of Spencer Fane LLP, 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 not participated in the preparation of the Official Statement and therefore expresses no opinion as to the accuracy or sufficiency thereof.

## TAX MATTERS

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

### Opinion of Bond Counsel.

**Federal Tax Exemption.** In the opinion of Bond Counsel, under existing law, the interest on the Notes is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Notes may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes under Section 103 of the Code. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. The Notes have been designated by the City as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

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

**No Other Opinions.** Bond Counsel expresses no opinion regarding other federal, state or local tax consequences arising with respect to the Notes.

### Other Tax Matters

**Original Issue Premium.** An amount equal to the excess of the purchase price of a Note over its stated principal amount at maturity constitutes premium on such Note. An owner of a Note must amortize any premium over such Note’s term using constant yield principles, based on the Note’s yield to maturity. As premium is amortized, the owner’s basis in such Note and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such owner. This 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 such Note prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Owners of any Notes purchased at a premium, whether at the time of initial issuance or subsequent thereto, should consult their individual tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Notes.

**Other Tax Consequences.** Prospective purchasers of the Notes should be aware that there may be tax consequences of purchasing the Notes other than those discussed under the caption “Opinion of Bond Counsel,” including the following: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Notes, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(b)(I) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Notes; (iii) interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year, if greater than 25 percent of the gross receipts of such Subchapter S corporations is passive investment income, and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Notes. Bond Counsel notes that the interest on the Notes may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding these tax consequences. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of the Notes should consult their own tax advisors as to the applicability of these tax consequences.

**Changes in Federal Tax Law.** From time to time, there are legislative proposals in the Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to notes issued prior to enactment. Purchasers of the Notes should consult their tax advisors regarding any pending or proposed tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Notes and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

## RATING

S&P Global Ratings, a division of the S&P Global, Inc. has assigned an independent rating of "SP-1+" to the Notes. Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any securities, including the Notes, or as to the market price or suitability thereof for a particular investor. The Issuer furnished such rating agency with certain information and materials relating to the Notes that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the Notes.

## FINANCIAL ADVISOR

Piper Sandler & Co., Leawood, Kansas has acted as a Financial Advisor to the Issuer in connection with the sale of the Notes. The Financial Advisor is a “municipal advisor” as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Notes. The fees of the Financial Advisor are contingent upon the issuance of the Notes. The Financial Advisor will not be a manager or a member of any underwriting group submitting a proposal for the purchase of the Notes pursuant to Municipal Securities Rulemaking Board Rule G-23.

## UNDERWRITING

The Notes have been sold at public sale by the Issuer to Northland Securities, Inc., Minneapolis, Minnesota (the “Underwriter”) on the basis of the lowest true interest cost. Five bids were received by the Issuer. The Underwriter has agreed, subject to certain conditions, to purchase the Notes at a price equal to the principal amount of the Notes, plus accrued interest from the Dated Date to the Issue Date, plus a premium of \$5,152.50, less an underwriting discount of \$5,106.70.

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

**AUTHORIZATION OF OFFICIAL STATEMENT**

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

**CITY OF KECHI, KANSAS**

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Clerk

*APPENDIX A*

**INFORMATION CONCERNING THE ISSUER**

# APPENDIX A

## INFORMATION CONCERNING THE ISSUER

### GENERAL

#### Size and Location

The City of Kechi is located north of the City of Wichita, at 61<sup>st</sup> Street North and Oliver and along Kansas Highway 254. The City's residents serve as a labor force for employers in Wichita and the surrounding area. The current estimated population of the City is 2,388.

#### Government and Organization of the Issuer

The City is a third-class city under the laws of the State of Kansas and has a Mayor-Council form of government. The Mayor and five Council members are elected at large to staggered four (4) year terms.

#### Municipal Services and Utilities

The City provides a full range of services, which include police protection, construction and maintenance of infrastructure, community development and planning and cultural activities. Fire protection for the City is provided by the Sedgwick County Fire Department. The City operates the natural gas, water and wastewater systems. Other public services in the City are provided by private companies.

#### Transportation and Communication Facilities

The City is served by Kansas Highway 254. In addition, a system of well-maintained county highways serve the City. Commercial air transportation is provided at Wichita's Dwight D. Eisenhower National Airport. General aviation services are provided by the Jabara Airport located approximately 5 miles from the City, in Wichita.

#### Educational Institutions and Facilities

The City is within Unified School District No. 259 (Wichita) and Unified School District No. 262 (Valley Center) which serve the City with elementary, middle and high schools.

Kechi is within easy driving distance to Butler Community College, located approximately 20 miles east of the City in El Dorado or Butler County's satellite facilities in Andover, just 10 miles southeast of the City, as well as Wichita State University, Friends University and Newman University which are located in Wichita, Kansas. In addition, numerous private colleges have satellite facilities in Wichita.

### ECONOMIC INFORMATION

#### Major Employers

City residents have employment opportunities nearby in the City of Wichita. Listed below are the largest employers within the Wichita Metro Area:

<u>Major Employers</u>	<u>Product/Service</u>	<u>Number of Full-time Employees</u>
Spirit AeroSystems Inc.	Aircraft	13,000
Textron Aviation	Aircraft	9,350
McConnell Air Force Base	Government	5,679
U.S.D. 259	Education	5,614
Ascension Via Christi Health	Healthcare	4,413
Koch Industries, Inc.	Refining & Chemicals	3,100
City of Wichita	Government	2,886
U.S. Government	Government	2,830
Sedgwick County	Government	2,521

*Source:* "Major Employers", Wichita.gov, 2025

**Labor Force**

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

**SEDGWICK COUNTY**

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2020	257,484	235,491	21,993	8.5%
2021	255,086	243,391	11,695	4.6%
2022	255,813	247,806	8,007	3.1%
2023	269,226	260,849	8,377	3.1%
2024	273,618	262,880	10,738	3.9%

**STATE OF KANSAS**

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2020	1,493,706	1,408,965	84,741	5.7%
2021	1,495,665	1,447,323	48,342	3.2%
2022	1,504,932	1,464,834	40,098	2.7%
2023	1,524,404	1,480,579	43,825	2.9%
2024	1,545,790	1,490,553	55,237	3.6%

*Source:* Kansas Department of Labor

**Retail Sales Tax Collections**

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

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

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

\* Use tax collections included beginning in 2019

*Source:* Kansas Statistical Abstract

**Local Option Sales Taxes**

**Sedgwick County.** In 1985, Sedgwick County voters approved a sales tax on retail sales within the County limits (the “County Sales Tax”). Pursuant to State law, the City receives a portion of the County Sales Tax. The City uses its portion of the County Sales Tax receipts to provide operating funds. The following table provides the amount of County Sales Tax received by the City during the years indicated:

<u>Year</u>	<u>Receipts</u>
2019	\$298,046
2020	301,095
2021	333,569
2022	386,226
2023	412,409
2024	423,385

*Source:* Kansas Department of Revenue

In February 2023, the electors of the City approved a 1% City local option sales and use tax (“Local Option Sales and Use Tax”), the proceeds of which may be utilized by the City for general purposes. The Local Option Sales and Use Tax took effect on July 1, 2023. The following table provides the amount of Local Option Sales and Use Tax received by the City during the years indicated:

<u>Year</u>	<u>Receipts</u>
2023	\$92,420.47
2024	292,438.68

*Source:* Kansas Department of Revenue

**Oil Production**

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

<u>Year</u>	<u>Oil Production</u>
2020	98,374
2021	94,739
2022	91,176
2023	84,322
2024	79,237

*Source:* Kansas Geological Survey

**Financial and Banking Institutions**

There are currently 38 banks located in Sedgwick County. For the years indicated, bank deposits of the County’s banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u>
2020	\$16,661,846,000
2021	18,605,019,000
2022	17,990,588,000
2023	19,077,135,000
2024	18,679,979,000

*Source:* FDIC

**Building Permits**

The following table indicates the number of building permits and total valuation of these permits issued within the City for the years indicated. These numbers reflect permits issued either for new construction or for major renovation.

<u>Year</u>	<u>Number of Permits Issued</u>	<u>Amount</u>
2019	24	\$6,134,000
2020	9	2,271,351
2021	26	9,815,000
2022	26	1,823,000
2023	6	1,249,492
2024	9	187,937

*Source:* City

## Population

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

<u>Year</u>	<u>City of Kechi Population</u>	<u>Sedgwick County Population</u>
1980	228	367,088
1990	517	404,613
2000	1,038	453,491
2010	1,909	498,365
2020	2,217	523,824
2024	2,388	536,081

The median age of persons in Sedgwick County and the State of Kansas is 35.9 and 37.3, respectively, per the 2020 Census.

*Source:* U.S. Bureau of the Census; Kansas Statistical Abstract

## Personal Income Trends

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

<u>Year</u>	<u>Sedgwick County Personal Income (000's)</u>	<u>Sedgwick County Per Capita Income</u>	<u>State of Kansas Per Capita Income</u>
2019	\$27,242,780	\$52,321	\$52,156
2020	27,908,354	53,177	55,101
2021	30,321,088	57,818	59,021
2022	30,623,133	58,289	62,326
2023	32,480,499	61,462	66,115

*Source:* Bureau of Economic Analysis

## ***FINANCIAL INFORMATION OF THE ISSUER***

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

The City of Kechi operates under the Kansas Municipal Audit and Accounting regulatory basis of accounting. Recognition of cash, cash equivalents, marketable investments, and accounts payable obligations are reported on a regulatory basis at the time the transaction occurs (cash basis).

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 regulatory or cash basis of accounting. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the City prior to August 25 of each year (or September 20 if the City must conduct a public hearing to levy taxes in excess of its revenue neutral rate described below). Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

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

The Revenue Neutral Tax Act provides that by June 15 of every year (or by July 1 for tax year 2024), each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must notify the county clerk by July 20 of the taxing subdivision's intent to exceed the revenue

neutral rate and provide to the county clerk the date, time and location of the related public hearing and the taxing subdivision's proposed tax rate. The county clerk is required to provide notice of such intent to exceed the revenue neutral rate to each taxpayer with property in the taxing subdivision at least 10 days in advance of the public hearing. The notice must include the following information: (1) the heading "NOTICE OF PROPOSED PROPERTY TAX INCREASE AND PUBLIC HEARINGS"; (2) a statement that the notice contains estimates of the property tax and proposed property tax increases, actual taxes may increase or decrease from the estimates provided, the governing body will vote at a public hearing to exceed the revenue neutral rate, taxpayers may attend and comment at the hearing, and property tax statements will be issued after mill rates are finalized and taxes are calculated; (3) the appraised value and assessed value of the taxpayer's property for the current year and the previous year; (4) the amount of property tax of the taxing subdivision on the taxpayer's property from the previous year's tax statement; (5) the estimated amount of property tax for the current year of the taxing subdivision on the taxpayer's property based on the revenue neutral rate of the taxing subdivision; (6) the estimated amount of property tax for the current year of the taxing subdivision on the taxpayer's property based on the proposed tax rate provided by the taxing subdivision; (7) the difference between the amount of the current year's maximum tax and the previous year's tax, reflected in dollars and a percentage, for the taxing subdivision; (8) the date, time and location of the public hearing of the taxing subdivision; and (9) the difference between the current year's maximum tax and the estimated amount of property tax based on the revenue neutral rate of the taxing subdivision.

The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the county clerk's notices to the taxpayer will be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by governing body approval of a resolution or ordinance, and thereafter the taxing subdivisions will adopt the budget by majority vote of its governing body. The amount of tax to be levied and the adopted budget must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate. However, if a taxing subdivision does not comply with the notice and hearing requirements of the Revenue Neutral Tax Act because it did not intend to exceed its revenue neutral rate, but the final assessed valuation of such taxing subdivision used to calculate the actual levy is less than the estimated assessed valuation used to calculate the revenue neutral rate, such taxing subdivision is permitted to levy a tax rate that generates the same amount of property tax revenue as levied the prior year or less.

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

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by BFR CPA, LLC, Wichita, Kansas. Copies of the audited financial statements for the past five (5) years are on file in the City Clerk's office and are available for review. The audited financial statements for the year ended December 31, 2023 are attached hereto as *Appendix B*.

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

## **Property Valuations**

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

Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production

from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 20%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

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

The 2006 Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business.

The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the 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.

**Assessed Valuation**

The following table shows the assessed value of the taxable tangible property of the City by category in the years as indicated:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Assessed Valuation</u>
2016	\$15,953,364	\$141,361	\$721,892	\$3,154,834	\$19,971,451
2017	17,301,748	136,364	736,150	3,207,970	21,382,232
2018	18,360,126	129,715	786,482	3,440,333	22,716,656
2019	19,595,856	140,674	829,204	3,676,759	24,242,493
2020	21,177,473	176,264	844,214	3,723,496	25,921,447
2021	22,873,028	142,935	870,077	3,775,422	27,661,462
2022	25,165,124	163,706	898,925	3,658,809	29,886,564
2023	28,771,803	329,206	1,040,114	3,745,994	33,887,117
2024	32,179,605	299,475	1,041,665	4,205,797	37,726,542
2025*	34,327,943	220,919	1,098,141	4,205,797	39,852,800

*\*Preliminary 2025 assessed valuation figures used for budgeting purposes. 2025 motor vehicle valuation not yet available; 2024 data used for estimation purposes only*

**Source:** County Clerk

**Estimated Actual Valuation**

Based on an average assessment percentage of 16%, the following table provides estimated actual valuation figures for the taxable tangible property, including motor vehicles, for the City in the years indicated.

<u>Year</u>	<u>Estimated Actual Valuation</u>
2016	\$124,821,569
2017	133,638,950
2018	141,979,100
2019	151,515,581
2020	162,009,044
2021	172,884,138
2022	186,791,025
2023	211,794,481
2024	235,790,888
2025*	249,080,000

*\*Preliminary.*

## Property Tax Levies and Collections

### Tax Collections

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are considered delinquent and accrue interest at the rate of 12% per annum until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale on or before August 1 of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

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

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

### Special Assessments and Collections

The City has pursued a policy of utilizing special benefit districts to assign the cost of certain internal improvement projects to the property which was directly benefited from the construction thereof. Kansas statutes allow for the creation of special benefit districts to pay for the cost of a variety of improvements including street construction, storm water drains, sanitary sewer system improvements, street lighting, water system improvements, recreational facilities, flood control projects, bridges and parking facilities. The City has typically utilized special benefit districts to pay for the costs associated with constructing streets, sidewalks, water lines, sewers, curbs, gutters and lighting in new residential developments within the City.

The creation of special benefit districts, the determination of property benefited and the method of allocating the cost of the improvements is at the discretion of the City. Property owners have the ability to suggest improvement to be made through a petition process and to comment on the final amount of their assessment. The City may or may not be included as part of the special benefit district. All property owners have the option to pay their portion of the improvement cost with a one-time payment during an assessment prepayment period or pay in annual installments with interest over a certain number of years.

Upon completion of the special benefit district improvement projects and a prepayment period, the City issues general obligation bonds to provide for permanent project financing. The payment of the principal of and interest on such bonds is paid from the special assessments levied annually on the benefited property owners. Special assessments are paid at the same time and in the same manner as ad valorem property taxes. If at any time the special assessments received from the property owners are insufficient to provide for the payment of the principal of and interest on the bonds, the City is obligated to provide for the balance of such payments through its ability to levy unlimited ad valorem property taxes.

### Tax Rates

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

<u>Year</u>	<u>General Fund</u>	<u>G.O. Bonds</u>	<u>Total Levy</u>
2015/16	25.351	8.348	33.699
2016/17	36.727	0.000	36.727
2017/18	36.726	0.000	36.726
2018/19	36.768	0.000	36.768
2019/20	36.768	0.000	36.768
2020/21	35.070	0.000	36.070
2021/22	36.740	0.000	36.740
2022/23	36.687	0.000	36.687
2023/24	36.667	0.000	36.667
2024/25	36.790	0.000	36.790

*Source:* County Clerk

**Aggregate Tax Levies**

The aggregate tax levies (per \$1,000 assessed valuation) of the City and overlapping jurisdictions for the years indicated are included in the following table:

<u>Levy Year</u>	<u>Budget Year</u>	<u>Sedgwick County</u>	<u>City of Kechi</u>	<u>School</u>	<u>Township</u>	<u>State</u>	<u>Library</u>	<u>Fire District</u>
2015	2016	29.383	33.699	56.278	1.510	1.500	1.132	18.371
2016	2017	29.393	36.727	53.683	0.288	1.500	1.253	18.414
2017	2018	29.393	36.726	53.733	0.326	1.500	1.253	18.392
2018	2019	29.383	36.768	53.638	1.374	1.500	1.237	18.163
2019	2020	29.384	36.760	53.183	1.501	1.500	1.229	17.896
2020	2021	29.376	35.070	52.974	1.472	1.500	1.229	17.891
2021	2022	29.370	36.740	52.514	1.026	1.500	1.229	17.817
2022	2023	29.368	36.687	51.484	0.986	1.500	1.229	17.912
2023	2024	28.988	36.667	51.954	0.885	1.500	1.161	17.883
2024	2025	28.701	36.790	51.387	0.815	1.500	1.161	17.000

Source: County Clerk

**Tax Collection Record**

The following table sets forth tax collection information for the City for the years indicated:

<u>Year</u>	<u>Total Taxes Levied</u>	<u>Amount of Current Taxes Collected</u>
2015/16	\$540,973	\$533,656
2016/17	618,090	612,994
2017/18	667,842	644,144
2018/19	709,666	690,198
2019/20	756,672	751,952
2020/21	779,497	772,228
2021/22	878,566	870,570
2022/23	963,474	949,336
2023/24	1,108,899	1,084,912
2024/25*	1,236,223	1,215,903

\*Partial collections through 10/13/2025.

Source: County Treasurer

**Major Taxpayers**

The following table sets forth the ten largest taxpayers in the City for taxes levied in 2024:

<u>Taxpayer</u>	<u>Taxes Levied</u>	<u>Assessed Valuation</u>
1. Evergy Kansas South Inc.	\$23,982.74	\$651,882
2. TW Renovations LLC	22,731.78	617,880
3. Dean Duplexes	21,891.17	595,030
4. Quail Ridge Partners LLC	12,577.79	341,881
5. Individual	12,568.57	341,630
6. Eden’s Property Management LLC	12,519.93	340,308
7. RKR LLC	11,009.63	299,256
8. National Retail Properties Inc	10,782.01	293,069
9. Individual	7,187.44	195,364
10. Individual	7,164.01	194,727

Source: County Clerk

**Pension and Employee Retirement Plans**

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

As of June 30, 2024, KPERS serves approximately 346,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

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

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

(a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.

(b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

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

In 2004, 2015 and 2021, the Kansas Development Finance Authority, on behalf of the State, issued pension obligation bonds and contributed the proceeds thereof to KPERS to assist with improving the status of the unfunded actuarial pension liability. In 2022 the Legislature provided for additional contributions totaling \$1.125 billion in four payments to be deposited into the KPERS trust fund for the School Group. For more information about the Legislature's actions related to KPERS, please see the 2022 Valuation Report referenced below.

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

The Issuer anticipates joining the Kansas Police and Firemen's Retirement System beginning January 1, 2024.

According to the Valuation Report as of December 31, 2024 (the "2024 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$2.173 billion at the end of 2024. The amount of the UAAL in 2024 changed from the previous year's amount due to the factors discussed in the 2024 Valuation Report; such report also includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group. A copy of the 2024 Valuation Report is available on the KPERS website at [www.kspers.gov/about/reports](http://www.kspers.gov/about/reports). The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2024 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2024 Valuation Report sets the employer contribution rate for the period beginning January 1, 2027, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 9.44% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial period set forth in the 2024 Valuation Report. The statutory contribution rate of employers currently equals the 2024 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

Public entities reporting financial information in conformance with the Kansas Municipal Audit and Accounting Guide are required to report in their financial statements their share of the costs and obligations of KPERS. The City's proportionate share of the unfunded liability measured as of December 31, 2023 was \$841,239 as reported in its audited financial statements for the year ended December 31, 2023.

## DEBT STRUCTURE

### Debt Summary

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

Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations .....	\$39,852,800
Estimated Actual Valuation .....	\$249,080,000
Outstanding General Obligation Debt.....	\$8,395,000
Net Overlapping Indebtedness .....	\$3,139,339
Population	2,388
Direct Debt Per Capita .....	\$3,515.49
Direct and Net Overlapping Debt Per Capita.....	\$4,830.13
Direct Debt as a Percentage of Assessed Valuation.....	21.07%
Direct Debt as a Percentage of Estimated Actual Valuation.....	3.37%
Direct and Net Overlapping Debt as a Percentage of Assessed Valuation.....	28.94%
Direct and Net Overlapping Debt as a Percentage of Estimated Actual Valuation.	4.63%

### Current Indebtedness of the Issuer

The following table sets forth as of the date of issuance of the Notes all of the outstanding obligations of the Issuer including the Notes:

#### GENERAL OBLIGATION BONDS

<u>Category of Indebtedness</u>	<u>Series</u>	<u>Dated Date</u>	<u>Final Maturity or Redemption Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
General Obligation Refunding Bonds	A, 2011	11/16/2011	09/01/2032	\$2,040,000	\$945,000
General Obligation Refunding Bonds	2015	09/15/2015	09/01/2028	1,675,000	290,000
General Obligation Refunding & Improvement Bonds	A, 2018	08/15/2018	09/01/2038	2,355,000	1,250,000
General Obligation Bonds	2019	08/13/2019	09/01/2039	1,390,000	1,050,000
General Obligation Bonds	A, 2021	05/27/2021	09/01/2036	1,095,000	830,000
General Obligation Bonds	A, 2022	08/17/2022	09/01/2042	855,000	755,000
General Obligation Bonds	A, 2023	08/01/2023	09/01/2043	1,245,000	<u>1,165,000</u>
				Total =	<u>\$6,285,000</u>

#### GENERAL OBLIGATION TEMPORARY NOTES

<u>Category of Indebtedness</u>	<u>Series</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
General Obligation Temporary Improvement Notes	A,2024	7/10/2024	9/1/2027	\$965,000	\$965,000
General Obligation Temporary Improvement Notes <sup>(1)</sup>	A,2025	12/4/2025	9/1/2028	1,145,000	<u>1,145,000</u>
				Total =	<u>\$2,110,000</u>

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

#### PUBLIC BUILDING COMMISSION REVENUE BONDS

<u>Category of Indebtedness</u>	<u>Series</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
Public Building Commission Revenue Bonds	2005	11/17/2005	11/1/2026	\$300,000	<u>\$25,000</u>
				Total =	<u>\$25,000</u>

**OTHER INDEBTEDNESS**

<u>Category of Indebtedness</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
State Treasurer City Utility Low Interest Loan	3/22/2021	6/1/2031	\$970,377.95	<u>\$543,036</u>
			Total =	<u>\$543,036</u>

Source: City

**Debt Payment Record**

The City has never in its history defaulted on the payment of any of its debt obligations.

**Overlapping Indebtedness**

The following table sets forth the overlapping indebtedness as of the dated date and the percent attributable (on the basis of assessed valuation) to the City:

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Gross Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable To Issuer</u>	<u>Gross Amount Applicable To Issuer</u>	<u>Net Amount Applicable To Issuer</u>
Sedgwick County	\$6,952,605,137	\$66,445,000	0.48%	\$318,936	\$318,936
U.S.D. No. 262 <sup>(1)</sup>	237,107,360	101,970,000	2.88%	2,936,736	2,380,176
U.S.D. No. 259 <sup>(2)</sup>	3,855,851,731	118,150,000	0.69%	<u>815,235</u>	<u>440,227</u>
			Total =	<u>\$4,070,907</u>	<u>\$3,139,339</u>

<sup>(1)</sup> For bonds approved by voters prior to July 1, 2015, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 55% of debt service for the School District's bonds; for bonds approved by voters after July 1, 2015 but before 7/1/2022, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 0% of debt service for the School District's bonds; for bonds approved by voters after July 1, 2022, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 7% of debt service for the School District's bonds.

<sup>(2)</sup> For bonds approved by voters prior to July 1, 2015, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 46% of debt service for the School District's bonds; for bonds approved by voters after July 1, 2015 but before 7/1/2022, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 0% of debt service for the School District's bonds; for bonds approved by voters after July 1, 2022, the State of Kansas will pay (for fiscal year 7/1/2025-6/30/2026) 0% of debt service for the School District's bonds.

**Future Indebtedness**

Residential and commercial growth that the City has experienced is expected to continue. As a result, the City anticipates financing the public infrastructure needs of the community with ongoing temporary note financing and eventually bonded indebtedness.

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*APPENDIX B*

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

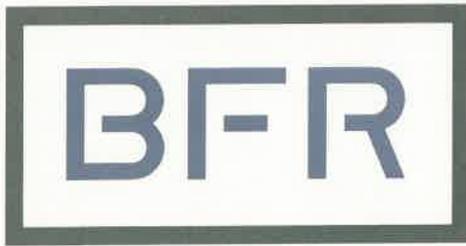
**CITY OF KECHI FINANCIAL REPORTING ENTITY, KANSAS**

**FINANCIAL STATEMENT  
DECEMBER 31, 2023**



**CITY OF KECHI FINANCIAL REPORTING ENTITY  
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DECEMBER 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

### Mayor and City Council City of Kechi, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the **City of Kechi Financial Reporting Entity, Kansas**, as of and for the year ended **December 31, 2023**, and the related notes to the financial statement.

### Adverse and Unmodified Opinions

#### *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

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

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

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the **City of Kechi Financial Reporting Entity, Kansas**, as of **December 31, 2023**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### Basis for Adverse and Unmodified Opinions

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

**Mayor and City Council  
City of Kechi, Kansas**

*Matter Giving Rise to Adverse Opinion on Accounting Principles Generally Accepted in the United State of America*

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

**Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the **City of Kechi Financial Reporting Entity, Kansas**' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors' Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

**Mayor and City Council  
City of Kechi, Kansas**

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **City of Kechi Financial Reporting Entity, Kansas'** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the **City of Kechi Financial Reporting Entity, Kansas'** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual, schedule of cash receipts and expenditures-capital projects, and schedule of regulatory basis cash receipts and cash disbursements-agency funds (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

**Mayor and City Council  
City of Kechi, Kansas**

**City of Kechi Financial Reporting Entity, Kansas'** basic financial statement for the year ended December 31, 2023 (not presented herein), was audited by other auditors whose report dated August 14, 2023, expressed an unmodified opinion on the basic financial statement. The 2022 basic financial statement and the auditor's report are available in electronic form from the web site of the Kansas Department of Administration at the following link:

<https://admin.ks.gov/offices/oar/municipal-services>. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2022 (as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statement or to the 2022 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note 1.

***BFR CPA, LLC***

BFR CPA, LLC  
October 22, 2024

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SUMMARY OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental</b>							
General	\$ 1,330,487	\$ 0	\$ 2,118,975	\$ 2,153,302	\$ 1,296,160	\$ 17,331	\$ 1,313,491
Special Purpose Funds							
Special Street & Highway	140,575	0	340,493	165,522	315,546	723	316,269
Capital Improvement	295,431	0	360,000	99,690	555,741	0	555,741
Equipment Reserve	136,147	0	43,678	0	179,825	0	179,825
Special Parks	27,316	0	8,123	0	35,439	0	35,439
Grants	(273)	0	0	0	(273)	0	(273)
ARPA Grant	305,982	0	0	0	305,982	0	305,982
Bond & Interest	166,116	0	689,674	719,029	136,761	0	136,761
Capital Projects	264,284	0	65,471	358,540	(28,785)	0	(28,785)
<b>Business</b>							
Water Utility	117,213	0	689,581	738,150	68,644	1,091	69,735
Sewer Utility	83,562	0	552,313	498,613	137,262	0	137,262
Gas Utility	352,055	0	961,041	874,576	438,520	53,613	492,133
Solid Waste/Recycling	72,905	0	201,272	220,058	54,119	209	54,328
Stormwater Utility	87,300	0	103,373	97,381	93,292	1,474	94,766
Water Reserve	294,592	0	7,926	0	302,518	0	302,518
Sewer Reserve	318,156	0	100,000	46,796	371,360	0	371,360
Gas Reserve	104	0	150,000	138,511	11,593	0	11,593
	<u>\$ 3,991,952</u>	<u>\$ 0</u>	<u>\$ 6,391,920</u>	<u>\$ 6,110,168</u>	<u>\$ 4,273,704</u>	<u>\$ 74,441</u>	<u>\$ 4,348,145</u>
<b>Related Municipal Entity</b>							
Kechi Public Building Commission	\$ 1,250	\$ 0	\$ 95,966	\$ 95,598	\$ 1,618	\$ 0	\$ 1,618
Kechi Land Bank	75,000	0	0	0	75,000	0	75,000
	<u>\$ 76,250</u>	<u>\$ 0</u>	<u>\$ 95,966</u>	<u>\$ 95,598</u>	<u>\$ 76,618</u>	<u>\$ 0</u>	<u>\$ 76,618</u>

Composition of Cash:

Checking	\$ 94
Money Market	54,205
Municipal Investment Pool	4,325,122
Petty Cash	300
	<u>4,379,721</u>
Agency Funds	(31,576)
	<u>\$ 4,348,145</u>

Kechi Public Building Commission-	
Municipal Investment Pool	\$ 1,618
Kechi Land Bank-Municipal Investment Pool	75,000
	<u>\$ 76,618</u>

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

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

**Note 1 - Summary of Significant Accounting Policies:**

Financial Reporting Entity

The **City of Kechi** is a municipal corporation governed by an elected Mayor and five-member City Council. The regulatory financial statement presents the City of Kechi and its related municipal entities. The Kechi Public Building Commission is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

Kechi Public Building Commission- A five-member board appointed by the City Council governs the Kechi Public Building Commission. Although it is legally separate from the City, the Kechi Public Building Commission is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The financial activities of the Kechi Public Building Commission are reflected in the Kechi Public Building Commission fund.

Kechi Land Bank- The Kechi Land Bank was established during 2018 and is a quasi-governmental entity with all statutory authority, but with the primary responsibility and authority for maintaining and selling real property located within the City. The Kechi Land Bank is governed by a Board of Trustees, which is comprised of the entire membership of the governing body of the City of Kechi. The Kechi Land Bank is subject to the cash basis and budget laws of the state of Kansas. The Kechi Land Bank does not issue separate audited financial statements.

Basis of Presentation – Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The City has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

**KMAAG Regulatory Basis of Presentation Fund Definitions:**

**Governmental Funds**

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

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

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

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

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

Business Fund-funds financed in whole or in part by fees charged to users of the goods or services (i.e., enterprise and internal service fund, etc.).

Agency Funds-funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

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

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

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond & interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended December 31, 2023.

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

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

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

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>Capital Improvement Fund</li> <li>Special Parks Fund</li> <li>ARPA Grant Fund</li> </ul> | <ul style="list-style-type: none"> <li>Equipment Reserve Fund</li> <li>Grants Fund</li> </ul> |
|---|---|

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

**Note 2 - Deposits & Investments:**

As of December 31, 2023, the City had the following investments & maturities:

Investment Type	Fair Value	Investment Maturities (in Years) Less than One	Rating
Kansas Municipal Investment Pool	\$ 4,325,122	\$ 4,325,122	AAA/S1+

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

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

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

*Concentration of credit risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City’s allocation of investments as of December 31, 2023, is as follows:

Investment Type	Percentage of Investments
Kansas Municipal Investment Pool	100%

*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%. All deposits were legally secured on December 31, 2023.

On December 31, 2023, the City’s carrying amount of deposits, including the related municipal entities, was \$54,299 and the bank balance was \$158,905. The bank balance is held by one bank resulting in a concentration of credit risk. The bank balance was covered by federal depository insurance.

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

At December 31, 2023, the City and Kechi Public Building Commission and the Kechi Land Bank had invested \$4,325,122 in the State’s municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

**Note 3 - Compensated Absences:**

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the City to record vacation and sick leave benefits as expenditures when paid.

**Note 4 - Post Employment Benefits:**

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

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

**Note 5 - Other Post Employment Benefits:**

*Death and Disability Other Post Employment Benefits.* As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2023.

**Note 6 - Reimbursed Expenditures:**

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

**Note 7 - Defined Benefit Pension Plan:**

Plan Description

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

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

**Contributions**

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were \$85,139 for the year ended December 31, 2023.

**Net Pension Liability**

At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was \$841,239. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

**Note 8 - Interfund Transactions:**

Operating transfers were as follows:

Transfer from:	Statutory Authority	Transfer to:						Totals
		Special Street & Highway	Capital Improvement	Equipment Reserve	Bond & Interest	Sewer Reserve	Gas Reserve	
General Fund	K.S.A. 12-1,118	\$ 0	\$ 360,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 360,000
General Fund	K.S.A. 12-1,119	182,026	0	0	0	0	0	182,026
Water Utility Fund	K.S.A. 12-825d	0	0	0	110,153	0	0	110,153
Sewer Utility Fund	K.S.A. 12-825d	0	0	23,678	46,896	0	0	70,574
Sewer Utility Fund	K.S.A. 12-631o	0	0	0	0	100,000	0	100,000
Gas Utility Fund	K.S.A. 12-825d	0	0	20,000	0	0	150,000	170,000
		<u>\$ 182,026</u>	<u>\$ 360,000</u>	<u>\$ 43,678</u>	<u>\$ 157,049</u>	<u>\$ 100,000</u>	<u>\$ 150,000</u>	<u>\$ 992,753</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

**Note 9 - Contingencies:**

Grant Programs

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

Risk Management

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

**Note 10 - Litigation:**

The City is a party to various claims, none of which is expected to have a material financial impact on the financial statement.

**Note 11 - Capital Projects:**

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

	Project Authorization	Expenditures to Date
Capital Improvement Fund		
Young Industrial Phase III	\$ 1,410,000	\$ 1,401,300
Kechi Road & Oliver	\$ 835,000	\$ 830,000

**Note 12 - Subsequent Events:**

The City has evaluated subsequent events through October 22, 2024, the date which the financial statement was available to be issued.

**Note 13 - Long-Term Debt:**

For the primary government, principal payments are due annually for general obligation bonds on September 1. Interest payments are due semi-annually on March 1 and September 1.

Lease purchase payments are due monthly.

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

Terms for long-term debt for the primary government for the year ended December 31, 2023, were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
<b>General Obligation Bonds</b>				
Series A 2011	2.00 - 4.50	11/22/2011	\$ 2,040,000	9/1/2032
Series 2015	2.00 - 3.00	9/15/2015	\$ 1,675,000	9/1/2028
Series A 2018	3.00 - 4.00	8/15/2018	\$ 2,355,000	9/1/2038
Series 2019	2.00 - 3.00	8/13/2019	\$ 1,390,000	9/1/2039
Series A 2021	1.50 - 2.00	5/27/2021	\$ 1,095,000	9/1/2036
Series A 2022	2.50 - 4.00	8/17/2022	\$ 855,000	9/1/2042
Series A 2023	4.00 - 5.00	8/1/2023	\$ 1,245,000	9/1/2043
<b>Temporary Notes</b>				
Series A 2021	0.45	5/27/2021	\$ 1,395,000	9/1/2023
<b>Lease Purchases</b>				
Motor Grader	3.75	5/15/2018	\$ 175,124	5/15/2024
<b>Notes Payable</b>				
Kansas State Treasurer	0.25	3/23/2021	\$ 970,378	1/1/2031

For the related municipal entity the Kechi Public Building Commission (Commission), the revenue bonds follow different terms.

For Series 2005, principal payments are due annually on November 1 with interest payments due semi-annually on May 1 and November 1.

For Series 2010, principal payments are due annually on August 1 with interest payments due semi-annually on February 1 and August 1.

Terms for long-term debt for the Commission for the year ended December 31, 2023, were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
<b>Revenue Bonds</b>				
Series 2005	3.50 - 5.00	11/15/2005	\$ 300,000	11/1/2026
Series 2010	2.00 - 4.75	1/1/2010	\$ 745,000	8/1/2024

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

Changes in long-term debt for the primary government for the year ended December 31, 2023, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest
<b>General Obligation Bonds</b>					
Series A 2011	\$ 1,275,000	\$ 0	\$ 105,000	\$ 1,170,000	\$ 49,603
Series 2015	545,000	0	85,000	460,000	13,700
Series A 2018	1,745,000	0	175,000	1,570,000	59,537
Series 2019	1,230,000	0	60,000	1,170,000	29,110
Series A 2021	1,035,000	0	65,000	970,000	17,250
Series A 2022	855,000	0	30,000	825,000	29,829
Series A 2023	0	1,245,000	0	1,245,000	0
	<u>6,685,000</u>	<u>1,245,000</u>	<u>520,000</u>	<u>7,410,000</u>	<u>199,029</u>
<b>Temporary Notes</b>					
Series A 2021	1,395,000	0	1,395,000	0	5,789
<b>Lease Purchases</b>					
Motor Grader	52,786	0	25,937	26,849	1,976
<b>Notes Payable</b>					
Kansas State Treasurer	814,789	0	90,467	724,322	20,730
	<u>\$ 8,947,575</u>	<u>\$ 1,245,000</u>	<u>\$ 2,031,404</u>	<u>\$ 8,161,171</u>	<u>\$ 227,524</u>

Changes in long-term debt for the Commission for the year ended December 31, 2023, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest
<b>Revenue Bonds</b>					
Series 2005	\$ 85,000	\$ 0	\$ 20,000	\$ 65,000	\$ 4,250
Series 2010	135,000	0	65,000	70,000	6,348
	<u>\$ 220,000</u>	<u>\$ 0</u>	<u>\$ 85,000</u>	<u>\$ 135,000</u>	<u>\$ 10,598</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2023**

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

	General Obligation Bonds			Lease Purchases			Notes Payable			Totals		
	Principal	Interest	Total Principal & Interest	Principal	Interest	Total Principal & Interest	Principal	Interest	Total Principal & Interest	Principal	Interest	Total Principal & Interest
			Interest			Interest			Interest			
2024	\$ 550,000	\$ 238,929	\$ 788,929	\$ 26,849	\$ 1,064	\$ 27,913	\$ 92,921	\$ 18,276	\$ 111,197	\$ 669,770	\$ 258,269	\$ 928,039
2025	575,000	217,892	792,892	0	0	0	95,442	15,755	111,197	670,442	233,647	904,089
2026	595,000	199,983	794,983	0	0	0	98,032	13,165	111,197	693,032	213,148	906,180
2027	610,000	182,937	792,937	0	0	0	100,692	10,505	111,197	710,692	193,442	904,134
2028	625,000	164,425	789,425	0	0	0	103,424	7,773	111,197	728,424	172,198	900,622
2029-2033	2,120,000	583,113	2,703,113	0	0	0	233,811	7,116	240,927	2,353,811	590,229	2,944,040
2034-2038	1,615,000	293,888	1,908,888	0	0	0	0	0	0	1,615,000	293,888	1,908,888
2039-2043	720,000	75,900	795,900	0	0	0	0	0	0	720,000	75,900	795,900
	<u>\$ 7,410,000</u>	<u>\$ 1,957,067</u>	<u>\$ 9,367,067</u>	<u>\$ 26,849</u>	<u>\$ 1,064</u>	<u>\$ 27,913</u>	<u>\$ 724,322</u>	<u>\$ 72,590</u>	<u>\$ 796,912</u>	<u>\$ 8,161,171</u>	<u>\$ 2,030,721</u>	<u>\$ 10,191,892</u>

Current maturities of long-term debt and interest for the next four years for the Commission are as follows:

	Revenue Bonds		
	Principal	Interest	Total Principal & Interest
			Interest
2024	\$ 90,000	\$ 5,975	\$ 95,975
2025	20,000	2,250	22,250
2026	25,000	1,250	26,250
	<u>\$ 135,000</u>	<u>\$ 9,475</u>	<u>\$ 144,475</u>

**REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
<b>Governmental</b>					
General	\$ 2,749,978	\$ 0	\$ 2,749,978	\$ 2,153,302	\$ (596,676)
<b>Special Purpose Funds</b>					
Special Street & Highway	358,414	0	358,414	165,522	(192,892)
Capital Improvement	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	99,690	XXXXXXXXXX
Equipment Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Special Parks	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
ARPA Grant	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Bond & Interest	814,798	0	814,798	719,029	(95,769)
Capital Projects	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	358,540	XXXXXXXXXX
<b>Business</b>					
Water Utility	855,140	0	855,140	738,150	(116,990)
Sewer Utility	736,529	0	736,529	498,613	(237,916)
Gas Utility	1,157,832	0	1,157,832	874,576	(283,256)
Solid Waste/Recycling	289,187	0	289,187	220,058	(69,129)
Stormwater Utility	184,397	0	184,397	97,381	(87,016)
Water Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Sewer Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	46,796	XXXXXXXXXX
Gas Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	138,511	XXXXXXXXXX
	<u>\$ 7,146,275</u>	<u>\$ 0</u>	<u>\$ 7,146,275</u>	<u>\$ 6,110,168</u>	<u>\$ (1,679,644)</u>
<b>Related Municipal Entity</b>					
Kechi Public Building Commission	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	\$ 95,598	XXXXXXXXXX
Kechi Land Bank	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
	<u>XXXXXXXXXX</u>	<u>XXXXXXXXXX</u>	<u>XXXXXXXXXX</u>	<u>\$ 95,598</u>	<u>XXXXXXXXXX</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
<b>Cash Receipts</b>				
Ad valorem tax	\$ 875,763	\$ 954,713	\$ 993,009	\$ (38,296)
Vehicle tax	118,507	128,662	125,585	3,077
Local sales tax	462,232	519,721	390,000	129,721
State liquor tax	10,699	8,248	10,000	(1,752)
Franchise tax	124,764	115,936	109,000	6,936
Fines, fees, and permits	123,723	77,451	129,126	(51,675)
Rents and other	45,491	93,135	85,849	7,286
Interest	44,153	196,325	0	196,325
Reimbursed expenditures	35,746	24,784	0	24,784
Charges for service	0	0	150	(150)
	<u>1,841,078</u>	<u>2,118,975</u>	<u>\$ 1,842,719</u>	<u>\$ 276,256</u>
<b>Expenditures</b>				
Administration	452,892	475,988	\$ 571,057	\$ (95,069)
Mayor and city council	14,775	12,232	18,114	(5,882)
Community groups	6,691	13,284	51,650	(38,366)
Public works	159,526	683,692	119,366	564,326
Facilities	0	0	73,090	(73,090)
Police and court	573,293	386,760	806,551	(419,791)
Park & trees	14,562	14,134	0	14,134
Street	67	0	0	0
Economic development	12,669	25,186	0	25,186
Miscellaneous	0	0	250,000	(250,000)
Transfers	449,733	542,026	860,150	(318,124)
	<u>1,684,208</u>	<u>2,153,302</u>	<u>\$ 2,749,978</u>	<u>\$ (596,676)</u>
Receipts Over (Under) Expenditures	156,870	(34,327)		
Unencumbered Cash, Beginning	1,173,617	1,330,487		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,330,487</u>	<u>\$ 1,296,160</u>		

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Special Street &amp; Highway Fund</u>	Current Year			Variance - Over (Under)
	Prior Year			
	Actual	Actual	Budget	
<b>Cash Receipts</b>				
State of Kansas gas tax	\$ 59,133	\$ 61,991	\$ 55,750	\$ 6,241
County	26,221	96,476	24,170	72,306
Transfers	193,238	182,026	182,026	0
	278,592	340,493	\$ 261,946	\$ 78,547
<b>Expenditures</b>				
Personnel	8,126	759	\$ 29,438	\$ (28,679)
Contractual services	16,371	15,046	207,942	(192,896)
Commodities	19,880	30,136	18,121	12,015
Capital outlay	193,879	119,581	102,913	16,668
	238,256	165,522	\$ 358,414	\$ (192,892)
Receipts Over (Under) Expenditures	40,336	174,971		
Unencumbered Cash, Beginning	100,239	140,575		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 140,575	\$ 315,546		

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

Capital Improvement Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 170,000	\$ 360,000
	170,000	360,000
Expenditures		
Capital outlay	34,678	99,690
	34,678	99,690
Receipts Over (Under) Expenditures	135,322	260,310
Unencumbered Cash, Beginning	160,109	295,431
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	\$ 295,431	\$ 555,741

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

Equipment Reserve Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Transfers	\$ 182,571	\$ 43,678
	<u>182,571</u>	<u>43,678</u>
Expenditures		
Capital outlay	<u>136,639</u>	<u>0</u>
	<u>136,639</u>	<u>0</u>
Receipts Over (Under) Expenditures	45,932	43,678
Unencumbered Cash, Beginning	90,215	136,147
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 136,147</u>	<u>\$ 179,825</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

Special Parks Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
State liquor tax	\$ 10,699	\$ 8,123
	<u>10,699</u>	<u>8,123</u>
 Expenditures		
Capital outlay	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
 Receipts Over (Under) Expenditures	 10,699	 8,123
 Unencumbered Cash, Beginning	 16,617	 27,316
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 27,316</u>	 <u>\$ 35,439</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Grants Fund</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Grants	\$ 40,039	\$ 0
	<u>40,039</u>	<u>0</u>
 Expenditures		
Capital outlay	<u>144</u>	<u>0</u>
	<u>144</u>	<u>0</u>
 Receipts Over (Under) Expenditures	 39,895	 0
 Unencumbered Cash, Beginning	 (40,168)	 (273)
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ (273)</u>	 <u>\$ (273)</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>ARPA Grant Fund</u>	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Grants	\$ 152,991	\$ 0
	<u>152,991</u>	<u>0</u>
 Expenditures		
Capital outlay	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
 Receipts Over (Under) Expenditures	 152,991	 0
 Unencumbered Cash, Beginning	 152,991	 305,982
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 305,982</u>	 <u>\$ 305,982</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Bond &amp; Interest Fund</u>	Prior Year	<u>Current Year</u>		Variance - Over (Under)
	Actual	Actual	Budget	
<b>Cash Receipts</b>				
Special assessments	\$ 503,776	\$ 532,625	\$ 657,749	\$ (125,124)
Transfers	280,288	157,049	157,049	0
	<u>784,064</u>	<u>689,674</u>	<u>\$ 814,798</u>	<u>\$ (125,124)</u>
<b>Expenditures</b>				
Principal	545,000	520,000	\$ 605,000	\$ (85,000)
Interest	184,100	199,029	209,798	(10,769)
	<u>729,100</u>	<u>719,029</u>	<u>\$ 814,798</u>	<u>\$ (95,769)</u>
<b>Receipts Over (Under) Expenditures</b>	54,964	(29,355)		
<b>Unencumbered Cash, Beginning</b>	111,152	166,116		
<b>Prior Year Canceled Encumbrances</b>	<u>0</u>	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 166,116</u>	<u>\$ 136,761</u>		

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - CAPITAL PROJECTS  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Debt issue proceeds	\$ 863,247	\$ 59,066
Reimbursements	13	6,405
	863,260	65,471
<b>Expenditures</b>		
Principal	815,000	195,249
Interest	22,171	3,139
Debt issue costs	44,574	50,025
Capital outlay	18,764	110,127
	900,509	358,540
Receipts Over (Under) Expenditures	(37,249)	(293,069)
Unencumbered Cash, Beginning	301,533	264,284
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	\$ 264,284	\$ (28,785)

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Water Utility Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Sales of services	\$ 638,801	\$ 658,937	\$ 692,129	\$ (33,192)
Connection fees	78,353	20,604	25,000	(4,396)
Other	6,199	10,040	4,000	6,040
	<u>723,353</u>	<u>689,581</u>	<u>\$ 721,129</u>	<u>\$ (31,548)</u>
Expenditures				
Personnel	176,885	225,327	\$ 238,818	\$ (13,491)
Contractual services	25,749	26,773	46,646	(19,873)
Commodities	358,243	375,897	391,250	(15,353)
Transfers	281,902	110,153	178,426	(68,273)
	<u>842,779</u>	<u>738,150</u>	<u>\$ 855,140</u>	<u>\$ (116,990)</u>
Receipts Over (Under) Expenditures	(119,426)	(48,569)		
Unencumbered Cash, Beginning	236,639	117,213		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 117,213</u>	<u>\$ 68,644</u>		

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Sewer Utility Fund</u>	Current Year			Variance - Over (Under)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Sales of services	\$ 519,039	\$ 532,879	\$ 573,743	\$ (40,864)
Connection fees	70,770	12,838	25,000	(12,162)
Other	5,522	6,596	5,485	1,111
	595,331	552,313	\$ 604,228	\$ (51,915)
Expenditures				
Personnel	146,820	119,012	\$ 155,364	\$ (36,352)
Contractual services	25,886	28,081	21,703	6,378
Commodities	170,649	180,946	231,370	(50,424)
Transfers	426,191	170,574	328,092	(157,518)
	769,546	498,613	\$ 736,529	\$ (237,916)
Receipts Over (Under) Expenditures	(174,215)	53,700		
Unencumbered Cash, Beginning	257,777	83,562		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 83,562	\$ 137,262		

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Gas Utility Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Sales of services	\$ 824,656	\$ 915,690	\$ 674,000	\$ 241,690
Connection fees	37,791	13,276	20,000	(6,724)
Other	8,423	32,075	132,062	(99,987)
	<u>870,870</u>	<u>961,041</u>	<u>\$ 826,062</u>	<u>\$ 134,979</u>
Expenditures				
Personnel	176,965	226,421	\$ 241,368	\$ (14,947)
Contractual services	33,622	60,384	40,042	20,342
Commodities	478,859	417,771	477,539	(59,768)
Capital outlay	0	0	100,800	(100,800)
Transfers	44,867	170,000	298,083	(128,083)
	<u>734,313</u>	<u>874,576</u>	<u>\$ 1,157,832</u>	<u>\$ (283,256)</u>
Receipts Over (Under) Expenditures	136,557	86,465		
Unencumbered Cash, Beginning	215,498	352,055		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 352,055</u>	<u>\$ 438,520</u>		

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Solid Waste/Recycling Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Sales of services	\$ 171,044	\$ 201,272	\$ 233,500	\$ (32,228)
	<u>171,044</u>	<u>201,272</u>	<u>\$ 233,500</u>	<u>\$ (32,228)</u>
Expenditures				
Personnel	14,680	18,412	\$ 16,901	\$ 1,511
Contractual services	1,036	2,164	6,115	(3,951)
Commodities	175,389	199,482	226,171	(26,689)
Miscellaneous	0	0	40,000	(40,000)
	<u>191,105</u>	<u>220,058</u>	<u>\$ 289,187</u>	<u>\$ (69,129)</u>
Receipts Over (Under) Expenditures	(20,061)	(18,786)		
Unencumbered Cash, Beginning	92,966	72,905		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 72,905</u>	<u>\$ 54,119</u>		

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -  
ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Stormwater Utility Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Sales of services	\$ 96,396	\$ 103,373	\$ 100,000	\$ 3,373
	<u>96,396</u>	<u>103,373</u>	<u>\$ 100,000</u>	<u>\$ 3,373</u>
Expenditures				
Personnel	47,454	66,673	\$ 75,731	\$ (9,058)
Contractual services	15,365	14,223	26,212	(11,989)
Commodities	4,107	16,485	7,454	9,031
Capital outlay	0	0	75,000	(75,000)
	<u>66,926</u>	<u>97,381</u>	<u>\$ 184,397</u>	<u>\$ (87,016)</u>
Receipts Over (Under) Expenditures	29,470	5,992		
Unencumbered Cash, Beginning	57,830	87,300		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 87,300</u>	<u>\$ 93,292</u>		

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Water Reserve Fund</u>	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 132,294	\$ 0
Reimbursements	10,813	7,926
	143,107	7,926
 Expenditures		
Capital outlay	51,813	0
	51,813	0
Receipts Over (Under) Expenditures	91,294	7,926
Unencumbered Cash, Beginning	203,298	294,592
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	\$ 294,592	\$ 302,518

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Sewer Reserve Fund</u>	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 263,835	\$ 100,000
Reimbursements	6,887	0
	270,722	100,000
 Expenditures		
Capital outlay	37,350	46,796
	37,350	46,796
 Receipts Over (Under) Expenditures	 233,372	 53,204
 Unencumbered Cash, Beginning	 84,784	 318,156
 Prior Year Canceled Encumbrances	 0	 0
 Unencumbered Cash, Ending	 \$ 318,156	 \$ 371,360

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

<u>Gas Reserve Fund</u>	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 34,867	\$ 150,000
	<u>34,867</u>	<u>150,000</u>
Expenditures		
Capital outlay	0	27,313
Principal	98,632	90,467
Interest	2,171	20,731
	<u>100,803</u>	<u>138,511</u>
Receipts Over (Under) Expenditures	(65,936)	11,489
Unencumbered Cash, Beginning	66,040	104
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 104</u>	<u>\$ 11,593</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
RELATED MUNICIPAL ENTITY  
KECHI PUBLIC BUILDING COMMISSION  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
City of Kechi lease payments	\$ 94,328	\$ 95,598
Interest	<u>56</u>	<u>368</u>
	<u>94,384</u>	<u>95,966</u>
 Expenditures		
Principal	80,000	85,000
Interest	<u>14,328</u>	<u>10,598</u>
	<u>94,328</u>	<u>95,598</u>
 Receipts Over (Under) Expenditures	 56	 368
 Unencumbered Cash, Beginning	 1,194	 1,250
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 1,250</u>	 <u>\$ 1,618</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
 RELATED MUNICIPAL ENTITY  
 KECHI LAND BANK  
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2022)**

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Transfers	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
Expenditures		
Capital outlay	0	0
	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	75,000	75,000
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 75,000</u>	<u>\$ 75,000</u>

**CITY OF KECHI FINANCIAL REPORTING ENTITY  
 SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS  
 AGENCY FUNDS  
 REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Meter Deposits	<u>\$ 60,267</u>	<u>\$ 0</u>	<u>\$ 28,691</u>	<u>\$ 31,576</u>

*APPENDIX C*

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

CONTINUING DISCLOSURE UNDERTAKING  
Undertaking For the Purpose of Providing Continuing Disclosure  
Under Section (B)(5) of SEC Rule 15c2-12

This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by the City of Kechi, Kansas (the “City”) in connection with the issuance of the City’s \$1,145,000 General Obligation Temporary Improvement Notes, Series A, 2025 (the “Notes”).

In consideration of the issuance of the Notes by the City and the purchase of the Notes by the beneficial owners of the Notes, the City covenants and agrees as follows:

**Section 1. Purpose of this Undertaking.** This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Notes and in order to assist the Underwriter (defined below) in complying with the requirements of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR part 240, §240. 15c2-12) (the “SEC Rule”). The City represents that it is the only obligated person with respect to the Notes at the time the Notes are delivered to the Underwriter and that no other person is expected to become so committed at any time after the Notes are issued.

**Section 2. Definitions.** Capitalized terms used in this Undertaking are defined as follows, unless the context clearly requires another meaning.

“**Adverse Tax Opinion**” means 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 security, or other material events affecting the tax status of the security.

“**Annual Financial Information**” means the financial information or operating data with respect to the City, provided at least annually according to this Undertaking, of the type included in portions of the Final Official Statement and described on Exhibit A to this Undertaking and shall include the Audited Financial Statements, if available.

“**Audited Financial Statements**” means the City’s annual financial statements, prepared using accounting practices prescribed by the State to demonstrate compliance with the “Cash Basis” and budget laws of the State and audited as required or permitted by the laws of the State according to auditing standards generally accepted in the United States, and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

“**Bankruptcy Event**” means bankruptcy, insolvency, receivership or similar event of an Obligated Person. For the purposes of this definition, the Bankruptcy Event is considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such

jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

**“Bond Counsel”** means the law firm of Spencer Fane LLP, or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the City.

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

**“Financial Obligation”** means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Rulemaking Board consistent with the SEC Rule.

**“Final Official Statement”** means the final official statement prepared by the City or their representatives in connection with the sale of the Notes and delivered to each original purchaser within seven business days after the sale of the Notes according to the SEC Rule.

**“Merger Event”** means the consummation of a merger, consolidation, or acquisition involving an 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.

**“MSRB”** means the Municipal Securities Rulemaking Board, including specifically its Electronic Municipal Market Access (“EMMA”) system and any successors or assigns at <http://www.emma.msrb.org>.

**“Note Resolution”** means the resolution of the City authorizing issuance of the Notes.

**“Notes”** means the City’s \$1,145,000 General Obligation Temporary Improvement Notes, Series A, 2025, dated December 4, 2025.

**“Obligated Person”** means an obligated person as defined in the SEC Rule.

**“Outstanding”** means, on any particular date, all Notes authenticated and delivered under the provisions of the Note Resolution, except:

- A. Notes canceled by the Paying Agent or delivered to the Paying Agent for cancellation under the Note Resolution;

B. Notes for which moneys or investments have been deposited to pay or redeem the Notes according to the defeasance provisions of the Note Resolution; and

C. Notes for which other Notes have been authenticated and delivered, either in exchange for or in lieu of such Notes, according to the provisions of the Note Resolution.

**“Reporting Event”** means any of the following events with respect to the Notes:

- A. principal and interest payment delinquencies;
- B. non-payment related defaults, if material;
- C. unscheduled draws on debt service reserves reflecting financial difficulties;
- D. unscheduled draws on credit enhancements reflecting financial difficulties;
- E. substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse Tax Opinions;
- G. modifications to rights of security holders, if material;
- H. Note calls, if material, and tender offers;
- I. defeasances;
- J. release, substitution, or sale of property securing repayment of the securities, if material;
- K. rating changes;
- L. Bankruptcy Events;
- M. Merger Events, if material;
- N. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- O. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

- P. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

**“Reporting Event Notice”** means written or electronic notice of a Reporting Event.

**“SEC Report Date”** means December 31 of each year the Notes remain Outstanding, beginning December 31, 2025.

**“SEC Rule”** means the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR §240.15c2-12).

**“State”** means the State of Kansas

**“Undertaking”** means this document as authorized by the Note Resolution, as it may be amended or supplemented according to its terms.

**“Underwriter”** means each broker, dealer or municipal securities dealer acting as an underwriter in the “primary offering” (as defined in the SEC Rule) of the Notes.

### **Section 3. Disclosure.**

A. While any Notes are Outstanding, the City, as an Obligated Person with respect to the Notes, undertakes the following, as required by the SEC Rule:

(1) The City shall provide the Annual Financial Information to the MSRB on or before the SEC Report Date.

(2) If the Audited Financial Statements are not available on the SEC Report Date with the Annual Financial Information then the City shall provide the Audited Financial Statements to the MSRB, if and when such statements are available.

(3) The City shall provide Reporting Event Notices to the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of a Reporting Event. Any Reporting Event Notice shall be so entitled and prominently state the title, date and CUSIP numbers of the Notes. Notice of optional or unscheduled redemption of any Notes or the defeasance of any Notes need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to Note holders under the Note Resolution.

(4) The City shall provide timely notice of any failure on its part to provide Annual Financial Information as required hereunder to the MSRB.

B. All notices or filings made pursuant to Section 3.A above shall be made solely with the MSRB in an electronic format and accompanied by identifying information as required by the MSRB, at <http://www.emma.msrb.org>.

**Section 4. Changing the SEC Report Date.** If the City changes its fiscal year, the City may adjust the SEC Report Date by providing written notice of the change and the new SEC Report Date to the MSRB. The period between the final SEC Report Date relating to the old fiscal year and the initial SEC Report Date relating to the new fiscal year shall not be more than one year.

**Section 5. Method of Transmitting Continuing Disclosure.** Unless otherwise required by law, the City shall transmit all information required by this Undertaking in electronic format and accompanied by identifying information, as required by the MSRB.

**Section 6. Termination or Amendment of Obligation to Provide Continuing Disclosure.** The continuing obligation of the City to provide the information and notices described in this Undertaking will terminate immediately when the Notes are not Outstanding or the City is no longer an Obligated Person with respect to the Notes. This Undertaking or any provision of it, shall become null and void if the City delivers to the MSRB an opinion of Bond Counsel stating that those portions of the SEC Rule which require this Undertaking, or any part of it, are invalid, have been repealed retroactively or otherwise do not apply to the Notes. This Undertaking may be amended without the consent of the holders of the Notes, but only if the City delivers the proposed amendment to the MSRB, and obtains an opinion of Bond Counsel that the amendment will not adversely affect the City's compliance with this Undertaking and with the SEC Rule.

**Section 7. Consequences of Failure to Provide Information.** A failure by the City to comply with any provision of this Undertaking shall not be deemed a default or an "event of default" with respect to the Notes, the Note Resolution or any other agreement and the sole remedy in the event of any failure by the City to comply with this Undertaking shall be an action to compel performance brought by a beneficial owner of any Notes.

**Section 8. Beneficiaries.** This Undertaking is executed to assist the Underwriter in complying with the Rule. But this Undertaking shall inure solely to the benefit of the holders of the Notes as required by Section (b)(5)(i) of the SEC Rule, and shall create no rights in any other person or entity.

**Section 9. Recordkeeping.** The City shall maintain records of all information provided according to this Undertaking, including the content of the information, the names of the entities where the information was filed, and the date of filing information.

**Section 10. Appointing an Agent.** The City may from time to time appoint or engage an agent to assist it in carrying out its obligations under this Undertaking and may discharge any such agent, with or without appointing a successor agent.

**Section 11. Notices.** Notices or requests for information pursuant to this Undertaking should be directed as follows:

City of Kechi, Kansas  
Attn: City Clerk  
220 W Kechi Rd  
Kechi, Kansas 67067  
Telephone: (316) 744-9287  
Facsimile: (316) 744-9636  
E-mail: [cityclerk@kechiks.gov](mailto:cityclerk@kechiks.gov)

The City may designate a different address or telephone number in its Annual Financial Information to which notices or requests should be directed.

*[Remainder of Page Intentionally Left Blank]*

As authorized by the Note Resolution this Undertaking is acknowledged and agreed to as of December 4, 2025.

CITY OF KECHI, KANSAS

[seal]

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Ashley Coleman, Mayor

ATTEST:

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Debra Creekmore, City Clerk

## **EXHIBIT A**

### **ANNUAL FINANCIAL INFORMATION**

*“Annual Financial Information”* shall include the City’s audited financial statements and the following portions of Appendix A of the Final Official Statement:

Appendix A:

#### **FINANCIAL INFORMATION OF THE ISSUER**

Assessed Valuation

Estimated Actual Valuation

Tax Rates

Aggregated Tax Levies

Tax Collection Record

#### **DEBT STRUCTURE**