

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 20, 2020

NEW ISSUE
BANK QUALIFIED

S&P Rating: Requested

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

\$1,100,000*

City of Basehor, Kansas

General Obligation Bonds, Series 2020-A

(General Obligation Bonds Payable from Unlimited Ad Valorem Taxes)

(Book Entry Only)

Dated Date: Date of Delivery

Interest Due: Each March 1 and September 1, commencing March 1, 2021

The Bonds (as defined herein) will mature in the years and amounts* as follows:

2021	\$100,000	2023	\$105,000	2025	\$110,000	2027	\$110,000	2029	\$115,000
2022	\$105,000	2024	\$110,000	2026	\$110,000	2028	\$115,000	2030	\$120,000

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

The Bonds are not subject to redemption prior to maturity.

The Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due. The proceeds of the Bonds will be used for the purpose of paying a portion of the costs of certain police facility improvements.

Bids shall be for not less than \$1,089,000 (99.0% of Par) plus accrued interest, if any, on the total principal amount of the Bonds. Bids shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the bid must be 98.0% or greater. No interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond as published by The Bond Buyer in New York, New York on the Monday next preceding the day on which the Bonds are sold, plus 3%. Following receipt of bids, a good faith deposit will be required to be delivered to the City by the Successful Bidder in the manner described in the "Notice of Bond Sale" herein. Award of the Bonds will be on the basis of True Interest Cost (TIC). See "Notice of Bond Sale" herein.

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof (the "Authorized Denomination"). Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) The Treasurer of the State of Kansas, Topeka, Kansas will serve as paying agent and registrar (the "Paying Agent and Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about March 26, 2020.

BIDS RECEIVED: Wednesday, March 4, 2020, until 10:00 A.M., Central Time
CONSIDERATION OF AWARD: Council meeting commencing at 7:00 P.M., Central Time on Wednesday, March 4, 2020



Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* Preliminary; subject to change.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

CITY OF BASEHOR, KANSAS

CITY COUNCIL

David K. Breuer	Mayor
Richard Drennon	Council President
Vernon Fields	Council Member
Ty Garver	Council Member
Ben J. Sims	Council Member
Shari Standiferd	Council Member

CITY ADMINISTRATOR

Leslee Rivarola

CITY TREASURER

Kristi Olson

CITY CLERK

Katherine Renn

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota and Kansas City, Missouri

BOND COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the “Preliminary or Final Official Statement”), may be treated as a Preliminary or Final Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Bid therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the Notice of Bond Sale.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary or Final Official Statements, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in Preliminary or Final Official Statements may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE DATE THEREOF.**

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary or Final Official Statements, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds have been assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

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NOTICE OF BOND SALE

\$1,100,000*

CITY OF BASEHOR, KANSAS

GENERAL OBLIGATION BONDS

SERIES 2020-A

(GENERAL OBLIGATION BONDS PAYABLE
FROM UNLIMITED AD VALOREM TAXES)

Bids. Facsimile, written, and electronic (as explained below) bids for the purchase of the above-referenced bonds (the “Bonds”) of the City of Basehor, Kansas (the “Issuer”) herein described will be received on behalf of the of the Issuer by the Municipal Advisor and at the address hereinafter set forth in the case of written and facsimile bids, and via PARITY® in the case of electronic bids, until **10:00 a.m.** applicable Central Time (the “Submittal Hour”), on

WEDNESDAY, MARCH 4, 2020

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

Terms of the Bonds. The Bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). The Bonds will be dated March 26, 2020 (the “Dated Date”), and will become due in principal installments annually on September 1 in the years as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2021	\$100,000	2026	\$110,000
2022	105,000	2027	110,000
2023	105,000	2028	115,000
2024	110,000	2029	115,000
2025	110,000	2030	120,000

**preliminary and subject to change*

The Bonds will bear interest from the Dated Date at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 2021 (the “Interest Payment Dates”).

***Adjustment of Issue Size.** The Issuer reserves the right to increase or decrease the total principal amount of the Bonds or the schedule of principal payments described above, depending on the purchase price and interest rates bid and the offering prices specified by the Successful Bidder. The Successful Bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the Bonds or the schedule of principal payments as described herein. If there is an increase or decrease in the final aggregate principal amount of the Bonds or the schedule of principal payments as described above, the Issuer will notify the Successful Bidder by means of telephone or

* Preliminary; subject to change.

facsimile transmission, subsequently confirmed in writing, no later than 2:00 p.m. applicable Central Time, on the Sale Date. The actual purchase price for the Bonds shall be calculated by applying the percentage of par value bid by the Successful Bidder against the final aggregate principal amount of the Bonds, as adjusted, plus accrued interest from the Dated Date to the Closing Date (as hereinafter defined).

Place of Payment. The principal of and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”). The principal of each Bond will be payable at maturity to the owner thereof whose name is on the registration books (the “Bond Register”) of the Bond Registrar (the “Registered Owner”) upon presentation and surrender at the principal office of the Paying Agent. Interest on each Bond will be payable to the Registered Owner of such Bond as of the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the “Record Date”) (a) mailed by the Paying Agent to the address of such Registered Owner as shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address to which such Registered Owner wishes to have such wire directed.

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

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

Redemption of Bonds Prior to Maturity.

The Bonds are **not** subject to redemption prior to maturity.

Authority, Purpose and Security. The Bonds are being issued pursuant to K.S.A. 10-101 *et seq.*, K.S.A. 10-620 *et seq.*, Charter Ordinance No. 27 of the Issuer and Article 12 Section 5 of the Constitution of the State of Kansas, as amended, and an ordinance and a resolution adopted by the Governing Body (collectively the “Bond Resolution”) for the purpose of paying a portion of the cost of certain police facility improvements (the “Improvements”). The Bonds shall be general obligations of the Issuer payable as to

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

Submission of Bids. Facsimile and written bids must be made on forms which may be procured from the Clerk or the Municipal Advisor and shall be addressed to the undersigned, and marked “Proposal for General Obligation Bonds, Series 2020-A.” Written bids must be submitted in writing in sealed envelopes, by mail or hand delivered. Facsimile bids should not be preceded by a cover sheet and should be sent only once to (651) 223-3046. Confirmation of receipt of facsimile bids may be made by contacting the Municipal Advisor at the number listed below. Electronic bids via PARITY® must be submitted in accordance with its Rules of Participation, as well as the provisions of this Notice of Bond Sale. ***Any bid submitted shall include the initial offering prices to the public for each maturity of the Bonds.*** If provisions of this Notice of Bond Sale conflict with those of PARITY®, this Notice of Bond Sale shall control. Bids must be received prior to the Submittal Hour on the Sale Date accompanied by the Deposit (as hereinafter defined), which may be submitted separately. The Issuer and Municipal Advisor shall not be responsible for failure of transmission of facsimile or delivery by mail or in person of any bid. ***Any bidder desiring to have the Municipal Advisor assist in the delivery of such bidder's bid should provide pertinent bidding information to the Municipal Advisor not later than 30 minutes prior to the Submittal Hour on the Sale Date.***

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

Conditions of Bids. Proposals will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) the same rate shall apply to all Bonds of the same maturity year; (b) no interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond published by ***THE BOND BUYER***, in New York, New York, on the Monday next preceding the day on which the Bonds are sold, plus 3%; (c) no supplemental interest payments will be considered; and (d) each interest rate specified shall be a multiple of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98% or greater. No bid for less than 99.0% of the principal amount of the Bonds (\$1,089,000) and accrued interest thereon to the date of delivery will be considered. Each bid shall specify the total interest cost (expressed in dollars) during the term of the Bonds on the basis of such bid, the discount, if any, the premium, if any, offered by the bidder, the net interest cost (expressed in dollars) on the basis of such bid, and an estimate of the TIC (as hereinafter defined) on the basis of such bid. Each bidder shall certify to the Issuer the correctness of the information contained on the Official Bid Form; the Issuer will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the Bonds, it will provide the certification described under the caption “Establishment of Issue Price” in this Notice.

Good Faith Deposit. A good faith deposit (the “Deposit”) in the amount of \$22,000 payable to the order of the Issuer is required in order to secure the Issuer from any loss resulting from the failure of the bidder to comply with the terms of its bid.

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

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

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

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

Basis of Award. Subject to the timely receipt of the Deposit set forth above, the award of the Bonds will be made on the basis of the lowest true interest cost (“TIC”), which will be determined as follows: the TIC is the discount rate (expressed as a per annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds, from the payment dates to the Dated Date, produces an amount equal to the price bid, including any adjustments for premium or discount, if any. Present value will be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. Bidders are requested to provide a calculation of the TIC for the Bonds on the Official Bid Form, computed as specified herein on the basis of their respective bids, which shall be considered as informative only and not binding on either the Issuer or the bidder. The Issuer or its Municipal Advisor will verify the TIC based on such bids. If there is any discrepancy between the TIC specified and the bid price and interest rates specified, the specified bid price and interest rates shall govern and the TIC specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest TIC are received, the Governing Body will determine which bid, if any, will be accepted, and its determination is final.

The Issuer reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any bid received after the Submittal Hour on the Sale Date will be returned to the bidder. Any disputes arising hereunder shall be governed by the laws of the State, and any party submitting a bid agrees to be subject to jurisdiction and venue of the federal and state courts within the State with regard to such dispute.

Bond Ratings. The Issuer has applied to S&P Global Ratings, a division of S&P Global Inc. for a rating on the Bonds herein offered for sale.

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

If the Successful Bidder elects to purchase the Bonds with municipal bond insurance, certain rating agencies will assign their ratings to the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by such bond insurer. All costs associated with the purchase and issuance of such municipal bond insurance policy and associated ratings and expenses (other than any independent rating requested by the Issuer) shall be paid by the Successful Bidder. Failure of the municipal bond insurer to issue the policy after the award of

the Bonds shall not constitute cause for failure or refusal by the Successful Bidder to accept delivery of the Bonds.

CUSIP Numbers. CUSIP identification numbers will be assigned and printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Notice. The Municipal Advisor will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. All expenses in relation to the assignment and printing of CUSIP numbers on the Bonds will be paid by the Issuer.

Delivery and Payment. The Issuer will pay for preparation of the Bonds and will deliver the Bonds properly prepared, executed and registered without cost on or about **MARCH 26, 2020** (the “Closing Date”), to DTC for the account of the Successful Bidder. The Successful Bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Bonds shall be made in federal reserve funds, immediately available for use by the Issuer. The Issuer will deliver one Bond of each maturity registered in the nominee name of DTC.

Establishment of Issue Price.

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

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

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

(d) If all of the requirements of a “competitive sale” are not satisfied, the Issuer shall advise the Successful Bidder of such fact at the time of award of the sale of the Bonds to the Successful Bidder

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

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

Preliminary Official Statement and Official Statement. The Issuer has prepared a Preliminary Official Statement dated February 20, 2020, “deemed final” by the Issuer except for the omission of certain information as provided in the Rule, copies of which may be obtained from the Clerk or from the Municipal Advisor. Upon the sale of the Bonds, the Issuer will adopt the final Official Statement and will furnish the Successful Bidder, without cost, within seven business days of the acceptance of the Successful Bidder’s proposal, with a sufficient number of copies thereof, which may be in electronic format, in order for the Successful Bidder to comply with the requirements of the Rule and Rule G-32. Additional copies may be ordered by the Successful Bidder at its expense.

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

Assessed Valuation and Indebtedness. The total assessed valuation of the taxable tangible property within the Issuer for the year 2019 was \$90,087,183. The total general obligation indebtedness of the Issuer as of the Dated Date, including the Bonds being sold but excluding temporary notes to be retired from proceeds of the Bonds, is \$12,160,000.

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

Additional Information. Additional information regarding the Bonds may be obtained from the undersigned or from the Municipal Advisor at the addresses set forth below:

DATED: February 20, 2020.

CITY OF BASEHOR, KANSAS

Katherine M. Renn, Clerk
City of Basehor, Kansas
2620 155th Street
Basehor, Kansas 66007
Phone No.: (913) 724-1370
Fax No.: (913) 724-3388
Email: krenn@cityofbasehor.org

Municipal Advisor – Facsimile Bid and Good Faith Deposit Delivery Address:

Baker Tilly Municipal Advisors, LLC
380 Jackson Street, Suite 300
Saint Paul, MN 55101
Attn: Bond Services
Phone No.: (651) 223-3000
Fax No.: (651) 223-3046
Email: bond_services@bakertilly.com

OFFICIAL STATEMENT

\$1,100,000*

CITY OF BASEHOR, KANSAS

GENERAL OBLIGATION BONDS, SERIES 2020-A

(GENERAL OBLIGATION BONDS PAYABLE FROM UNLIMITED AD VALOREM TAXES)

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement provides certain information relating to the City of Basehor, Kansas (the “City” or the “Issuer”) and its issuance of \$1,100,000* General Obligation Bonds, Series 2020-A (the “Bonds”). The Bonds are general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due. See “THE BONDS” herein.

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

All financial and other information presented herein has been compiled by the City’s Municipal Advisor, Baker Tilly Municipal Advisors, LLC (the “Municipal Advisor”). Such information has been provided by the City and other sources deemed to be reliable. The presentation of information herein 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 City. Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel to the City, has not assisted in the preparation of this Official Statement, except for the sections titled “INTRODUCTORY STATEMENT,” “THE BONDS” (except “THE BONDS – Book Entry System” and “THE BONDS – Sources and Uses of Funds”), “TAX MATTERS,” “APPENDIX I – PROPOSED FORM OF LEGAL OPINION,” and “APPENDIX II – FORM OF CONTINUING DISCLOSURE UNDERTAKING” and, accordingly, expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Additional information regarding the City, the Bonds, and an ordinance and a resolution adopted by the governing body authorizing the issuance of the Bonds (collectively the “Bond Resolution”) may be obtained from Ms. Kristi Olson, City Treasurer, 2620 155th Street, P.O. Box 406, Basehor, Kansas 66007, by telephoning (913) 724-1370 x33, or by e-mailing kolson@cityofbasehor.org. Information can also be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, by telephoning (651) 223-3000, or by e-mailing bond_services@bakertilly.com. If information of a specific legal matter is desired, requests may be directed to Ms. Gina Riekhof, Gilmore & Bell P.C., 2405 Grand Boulevard, Suite 1100, Kansas City, Missouri 64108, by telephoning (816) 221-1000, or by e-mailing griekhof@gilmorebell.com.

* Preliminary; subject to change.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the Bond Resolution (hereinafter defined), to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Continuing Disclosure Undertaking”). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and other provisions of the Continuing Disclosure Undertaking, including termination, amendment and remedies, are set forth in Appendix II to this Official Statement.

The City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule, except as follows:

- The City’s audited financial statements and annual operating data for the fiscal year ended December 31, 2014 were not filed within 180 days of the City’s fiscal year end for outstanding debt obligations (CUSIP 069792) as stipulated in previous undertakings entered into under the Rule. The required information, along with a failure to timely file notice, was filed with the MSRB through EMMA on July 15, 2015.
- The City’s audited financial statements for the fiscal year ended December 31, 2017 were timely filed on June 14, 2018. However, the original document did not include an Independent Auditor’s Report. The updated Financial Statements were filed with the MSRB through EMMA on February 26, 2019.

Breach of the Continuing Disclosure Undertaking will not constitute a default or an “Event of Default” under the Bonds or the Bond Resolution. A broker or dealer is to consider a known breach of the Continuing Disclosure Undertaking, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Continuing Disclosure Undertaking may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

General Description

The Bonds will be dated as of the date of delivery (the “Dated Date”) and will be issued as fully registered Bonds in book entry only form, in the denomination of \$5,000 or any integral multiple thereof. The Bonds will mature each September 1 as set forth on the front cover of this Official Statement. Interest on the Bonds is payable on March 1 and September 1, commencing March 1, 2021. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled “Book Entry System.”

Designation of Paying Agent and Registrar

The City will at all times maintain a paying agent and registrar meeting the qualifications set forth in the Bond Resolution (hereinafter defined). The City reserves the right to appoint a successor paying agent or registrar. No resignation or removal of the paying agent or registrar shall become effective until a successor

has been appointed and has accepted the duties of paying agent or registrar. Every paying agent or registrar appointed by the City shall at all times meet the requirements of Kansas law.

The Treasurer of the State of Kansas, Topeka, Kansas has been designated by the City as paying agent for the payment of principal of and interest on the Bonds and registrar with respect to the registration, transfer and exchange of Bonds.

Method and Place of Payment of the Bonds

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

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

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

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

Book-Entry Bonds; Securities Depository

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

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

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

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

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

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

Payments Due on Saturdays, Sundays and Holidays

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

Redemption Provisions

Optional Redemption

The Bonds are not subject to redemption prior to maturity.

Book Entry System

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its 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 or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

Debt Service Source; City Tax Revenues

The Bonds are general obligations of the City payable as to both principal and interest, if necessary, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The Legislature may from time to time

adopt changes in the property tax system or method of imposing and collecting property and/or sales taxes within the State. The effects of such legislative changes could affect the City’s property tax collections, and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases in property tax rates of overlapping taxing units, or a decrease in sales tax revenues could increase effective property tax rates and the resulting increase could be material. Taxpayers may also challenge the value of property assigned by the county appraiser. If a taxpayer valuation challenge is successful, the liability of the City to refund property taxes previously paid under protest may have a material adverse effect on the City’s financial situation. See “CITY TAX RATES, LEVIES AND COLLECTIONS” herein.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to the laws of the State of Kansas (the “State”), including without limitation K.S.A. 10-101 *et seq.*, K.S.A. 10-620 *et seq.*, Charter Ordinance No. 27 of the City, and Article 12, Section 5 of the Constitution of the State, all as amended, and an ordinance and a resolution adopted by the governing body of the City (collectively the “Bond Resolution”). The proceeds of the Bonds will be used for the purpose of paying a portion of the cost of certain police facility improvements (the “Improvements”).

SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds for the Bonds. All amounts are preliminary and are subject to change.

Sources of Funds:	
Principal Amount	<u>\$1,100,000</u>
Total Sources of Funds	\$1,100,000
Uses of Funds:	
Deposit to Improvement Fund	\$1,045,350
Costs of Issuance*	<u>54,650</u>
Total Uses of Funds	\$1,100,000

* *Includes estimated attorney fees, municipal advisor fees, paying agent fees, rating agency fees, and underwriter’s compensation.*

SECURITY AND FINANCING

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

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

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

FUTURE FINANCING

The City does not anticipate issuing any additional long-term general obligation debt within the next 90 days.

LITIGATION

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 City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the Bonds or the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

LEGALITY

All matters incident to the authorization and issuance of the Obligations are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel to the City. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "INTRODUCTORY STATEMENT," "THE BONDS" (except "THE BONDS – Book Entry System" and "THE BONDS – Sources and Uses of Funds"), "TAX MATTERS," "APPENDIX I – PROPOSED FORM OF LEGAL OPINION," and "APPENDIX II – FORM OF CONTINUING DISCLOSURE UNDERTAKING"

TAX MATTERS

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal

investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the Dated Date of the Bonds:

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

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

Bank Qualification. The Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

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

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

Other Tax Consequences

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

[Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of an Bond over its stated redemption price at maturity. The issue price of an Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the

Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

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

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

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

RATING

Application for a rating of the Bonds has been made to S&P Global Ratings ("S&P"), 55 Water Street, New York, New York. If a rating is assigned, it will reflect only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota, and Kansas City, Kansas as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the City stating that the City examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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CITY PROPERTY VALUES

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is conducted by Kansas counties. The Leavenworth County Appraiser's office determines annually the assessed valuation that is used as a basis for the mill levy on property located in the City. The County Appraiser's determination is based on criteria established by Kansas Statute.

The market valuation of every property must now be updated every year, with physical inspection required once every six years. Valuations as of January 1 are made available in September of each year for taxes payable during the next calendar year. The State Constitution provides that, for ad valorem taxation purposes, real and personal property are divided into classes and assessed at percentages of market value. See Appendix III for a discussion of property classes and assessment ratios.

Trend of Values

<u>Year^(a)</u>	<u>Leavenworth County Sales Ratio</u>	<u>Appraised Valuation</u>	<u>Taxable Assessed Valuation^(b)</u>	<u>Motor Vehicles</u>	<u>Equalized Assessed Tangible Valuation</u>
2019/20	92.2% ^(c)	\$640,099,266	\$78,505,698	\$11,581,485	\$90,087,183
2018/19	92.2%	562,981,099	69,576,165	11,306,533	80,882,698
2017/18	92.1	505,966,588	62,845,555	10,323,313	73,168,868
2016/17	95.9	462,492,284	58,007,750	9,098,816	67,106,566
2015/16	99.0	429,415,644	54,173,006	8,021,556	62,194,562

(a) As valued in the first year for the purpose of computing the rates of taxes collectible in the following year.

(b) The value of motor vehicles is not included in total property valuation for determining the property tax levy. It is, however, included in total property valuation for determining the City's debt limit.

(c) 2018 sales ratio; most recent information available.

Sources: The Leavenworth County Clerk's Office; the Kansas Department of Revenue, <http://www.ksrevenue.org>. For an explanation of Kansas property taxes, see Appendix III.

2019/20 Equalized Assessed Tangible Valuation: \$90,087,183

Real Property	\$75,972,100	96.8%
Personal Property	224,417	0.3
State Assessed Utilities	<u>2,309,181</u>	<u>2.9</u>
Total Taxable Assessed Valuation	\$78,505,698	100.0%
Motor Vehicles	<u>11,581,485</u>	
Total Equalized Assessed Tangible Valuation	\$90,087,183	

Source: Leavenworth County Clerk's Office, January 2020.

Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2019/20 Taxable Assessed Value</u>
Westar Energy	Utility	\$1,677,522
Scherer Family Trust	Farm	542,077
OBKS LLC	Farm and Home Store	500,448
Parkway Place LLC	Apartments	428,250
Atmos Energy Corp.	Utility	411,515
Community National Bank	Banking	397,655
Pebblebrooke LLC	Apartments	386,983
Day3 Development, LLC	Developer	366,033
Falcon Lakes Golf Club	Golf Course	317,694
First State Bank	Banking	<u>315,133</u>
Total		\$5,343,310*

* Represents 5.9% of the City's 2019/20 equalized assessed tangible valuation.

CITY INDEBTEDNESS

Debt Limit

2019/20 Total Equalized Assessed Tangible Valuation	\$90,087,183
Debt Limit Ratio	<u>30%</u>
Debt Limit	\$27,026,155
Outstanding Debt Subject to Debt Limit	<u>(7,465,000)</u>
Debt Authority Remaining March 26, 2020	\$19,561,155

NOTE: General obligation bonds and temporary notes issued to finance utility improvements, revenue bonds, and refunding bonds are not subject to the debt limit.

General Obligation Bonds

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 3-26-20</u>	<u>% Subject to the Debt Limit</u>	<u>Amount Subject to the Debt Limit</u>
8-23-12	\$8,835,000	Refunding & Improvement	9-1-2032	\$ 3,505,000	67.76034	\$2,375,000
1-30-13	3,625,000	Refunding	9-1-2025	1,045,000	100.00000	1,045,000
8-26-15	1,295,000	Improvements	9-1-2035	1,100,000	76.36364	840,000
6-16-16	4,095,000	Refunding	9-1-2030	3,305,000	- 0 -	0
3-21-19	2,105,000	Improvements	9-1-2039	2,105,000	100.00000	2,105,000
3-26-20	1,100,000	Improvements	9-1-2030	<u>1,100,000</u>	100.00000	<u>1,100,000</u>
Total				\$12,160,000		\$7,465,000

General Obligation Temporary Notes

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 3-26-20</u>	<u>% Subject to the Debt Limit</u>	<u>Amount Subject to the Debt Limit</u>
3-21-19	\$1,035,000	Improvements	4-1-2020	\$ 1,035,000	100.00000%	\$ 1,035,000
		Subtotal		\$ 1,035,000		\$ 1,035,000
		Less: Amount Refunded by the Bonds		<u>(1,035,000)</u>		<u>(1,035,000)</u>
		Total		-0-		-0-

Estimated Calendar Year Debt Service Payments Including the Bonds and Excluding all Temporary Notes

<u>Year</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Principal & Interest^(a)</u>
2020 (at 3-26)	\$ 1,125,000	\$ 1,257,736
2021	945,000	1,204,756
2022	960,000	1,195,259
2023	980,000	1,197,069
2024	1,010,000	1,208,276
2025	1,040,000	1,217,151
2026	865,000	1,020,309
2027	875,000	1,011,911
2028	895,000	1,012,934
2029	900,000	997,889
2030	660,000	736,491
2031	380,000	439,659
2032	395,000	443,509
2033	200,000	236,781
2034	200,000	229,931
2035	210,000	233,081
2036	125,000	140,931
2037	130,000	142,181
2038	130,000	138,281
2039	<u>135,000</u>	<u>139,219</u>
Total	\$12,160,000 ^(b)	\$14,203,354

(a) Includes the Bonds at an assumed average annual interest rate of 1.52%.

(b) 78.9% of this debt will be retired within ten years.

Debt Payment Record

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

Overlapping Debt

<u>Taxing Unit^(a)</u>	Est. Debt As of 3-26-20	Debt Applicable to Value in City	
		<u>Percent</u>	<u>Amount</u>
Leavenworth County	\$ 8,770,000 ^(b)	12.4%	\$ 912,080
USD No. 458 (Basehor-Linwood)	99,600,000	49.0	48,804,000
Basehor Community Library	2,505,000	61.2	<u>1,533,060</u>
Total			\$51,249,140

(a) Only those units with outstanding general obligation debt are shown here.

(b) Excludes general obligation debt supported by sales tax revenues.

Debt Ratios

	<u>G.O. Direct Debt</u>	<u>G.O. Indirect & Direct Debt</u>
To 2019/20 Appraised Valuation (\$640,099,266)	1.90%	9.91%
To 2019/20 Equalized Assessed Tangible Valuation (\$90,087,183)	13.50%	70.39%
Per Capita - (6,194 - 2018 U.S. Census Estimate)	\$1,963	\$10,237

CITY TAX RATES, LEVIES AND COLLECTIONS

Property taxes are certified by the City to the County Clerk by August 25 of each year for the following fiscal year (or October 1 if the City must conduct an election to increase property taxes above the tax lid described herein). Taxes are levied by the County Clerk and payable to the County Treasurer. Property taxes may be paid in two installments, the first due December 20 in the year the taxes are levied and the second due May 10 of the following year. Taxes become delinquent after May 10 and interest accrues at a rate set by State Statute until paid or until the property is sold for taxes. Special assessments are levied and collected in the same manner as property taxes.

Taxpayers may challenge the appraised value of their property by paying property taxes under protest. Such challenges are subject to administrative and judicial review. Taxes paid under protest are distributed to taxing jurisdictions in the same manner as all other property tax collections. If a taxpayer's challenge to the appraiser's valuation is successful, the county is liable to refund the amount of property taxes attributable to the protested value that was previously paid under protest. The county will then withhold from future property tax distributions to other taxing jurisdictions an amount equal to the jurisdiction's pro rata share of such refund. Any such withholdings from future property tax distributions may have a material adverse effect on the City's financial situation.

Tax Rates (Expressed in Mills)

Tax Rates of the City

<u>Levy Year</u>	<u>Budget Year</u>	<u>General</u>	<u>Bond and Interest</u>	<u>Employee Benefit</u>	<u>Park and Rec</u>	<u>Total City</u>
2019	2020	19.793	7.014	4.994	0.968	32.769
2018	2019	20.953	3.661	9.248	0.000	33.862
2017	2018	21.159	3.660	9.613	0.000	34.432
2016	2017	21.157	3.660	9.612	0.000	34.429
2015	2016	21.158	7.614	1.374	0.000	30.146

Tax Rates for Jurisdictions Overlapping with the City

<u>Levy Year</u>	<u>Budget Year</u>	<u>City of Basehor</u>	<u>Leavenworth County</u>	<u>USD No. 458 (Basehor-Linwood)</u>	<u>State</u>	<u>Other*</u>	<u>Total</u>
2019	2020	31.769	37.184	60.423	1.500	13.397	145.273
2018	2019	33.862	37.112	60.757	1.500	13.397	146.628
2017	2018	34.432	37.363	60.754	1.500	13.396	147.445
2016	2017	34.429	37.608	60.761	1.500	12.497	146.795
2015	2016	30.146	37.127	61.298	1.500	12.010	142.081

* Other includes Fairmount Township and the Basehor Library.

Source: Leavenworth County Clerk's Office.

Tax Levies and Collections

<u>Levy/Budget Year</u>	<u>Total Taxes Levied</u>	<u>Taxes Collected</u>	<u>Percent of Taxes Collected</u>	<u>Delinquent Taxes Collected</u>	<u>Total Taxes Collected</u>	<u>Percent of Total Taxes Collected</u>
2019/20				(Information not yet available)		
2018/19	\$2,356,856	\$2,327,112	98.7%	\$20,578	\$2,347,690	99.6%
2017/18	2,164,950	2,159,002	99.7	14,820	2,173,832	100.4
2016/17	1,997,942	1,974,515	98.8	21,039	1,995,554	99.9
2015/16	1,633,101	1,615,297	98.9	20,217	1,635,514	100.1

Source: Leavenworth County Clerk's office.

Special Assessment Collections

<u>Levy/Budget Year</u>	<u>Total Levied</u>	<u>Collected</u>	<u>Percent Collected</u>	<u>Delinquent Assessments Collected</u>	<u>Total Collected</u>	<u>Percent of Total Collected</u>
2019/20				(Information not yet available)		
2018/19	\$843,543	\$697,376	82.7%	\$10,441	\$707,817	83.9%
2017/18	841,233	663,313	78.9	11,902	675,215	80.3
2016/17	851,237	703,953	82.7	21,202	725,155	85.2
2015/16	861,172	714,352	83.0	35,195	749,547	87.0

Source: Leavenworth County Clerk's office.

Certain property owners within the Basehor Boulevard and 155th Street improvement districts have not paid the property taxes or special assessments levied against their property since 2012. In 2016, the City and Leavenworth County, Kansas filed suit against such property owners to foreclose the tax liens represented by the property taxes and special assessments. In response, the defendant property owners alleged that the City does not have authority to levy and collect such special assessments because the improvement districts were not validly created. These special assessments were pledged to repayment of general obligation bonds issued by the City, which are currently outstanding in the principal amount of approximately \$2.320 million. The City believes the defendants property owners' claims are without merit, but cannot predict the outcome of this litigation.

Sales Tax Collections

The current total sales tax rate in the City is 8.5%, of which the State of Kansas' portion is 6.5%, Leavenworth County's portion is 1.0%, and the City's portion is 1.0%.

The following table sets forth the sales tax collections of the City (including the portion of the receipts from Leavenworth County's 1% sales tax) in the years indicated:

<u>Year</u>	<u>Amount Received</u>
2019	\$1,314,737
2018	1,191,168
2017	1,162,967
2016	916,870
2015	865,322
2014	769,363
2013	672,953
2012	642,297
2011	576,343
2010	578,063

Source: City of Basehor.

FUNDS ON HAND As of December 31, 2019

<u>Fund</u>	<u>Cash and Investments</u>
General Fund	\$2,636,518
Consolidated Highway Fund	2,118,208
Capital Improvement Fund	996,530
Bond & Interest Fund	465,898
Sewer Fund	1,956,479
Municipal Equipment Reserve Fund	24,105
Solid Waste Fund	51,512
Employee Benefit Fund	385,460
Special Park & Recreation Fund	85,031
Glenwood Sewer Maintenance Fund	93,069
Cedar Lake Maintenance Fund	78,157
Special Alcohol & Drug Fund	<u>18,737</u>
Total	\$8,909,704

GENERAL INFORMATION CONCERNING THE CITY

Size and Location

The City of Basehor, Kansas is located in Leavenworth County, is approximately 20 miles west of the City of Kansas City, Kansas. The City encompasses an area of approximately 6.8 square miles (4,352 acres).

Population

The following table lists the historical population trends for the City and Leavenworth County for the years indicated.

<u>Year</u>	<u>Basehor</u>	<u>% Change</u>	<u>Leavenworth County</u>	<u>% Change</u>
2018	6,194	34.4%	81,352	8.1%
2010	4,610	106.0	75,227	7.9
2000	2,238	40.7	69,691	8.3
1990	1,591	7.3	64,371	17.4
1980	1,483	--	54,809	--

Source: United States Census Bureau, <http://www.census.gov/>.

The City's approximate population by age group for the past five years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2019/20	1,397	1,146	2,539	1,098
2018/19	1,352	1,121	2,494	1,045
2017/18	1,315	1,101	2,389	965
2016/17	1,277	1,045	2,311	896
2015/16	1,250	1,005	2,240	824

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Transportation

The City's transportation needs are served by U.S. Highway 24/40 just south of the City. In addition, the Kansas Turnpike and Interstate 70 are located approximately five miles south of the City. Regularly scheduled air service is available at the Kansas City International Airport, located 20 miles from the City.

Major Employers

In addition to the major employers listed below, additional employment opportunities are available in the cities of Kansas City, Leavenworth, Lansing, and Lawrence, as well as throughout the Kansas City metropolitan area.

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of of Employees</u>
Fort Leavenworth	Military Installation	10,772
Unified School District No. 453 (Leavenworth)	Public Education	630
Lansing Correctional Facility	Correctional Facility	575
United States Penitentiary	Correctional Facility	355
Unified School District No. 458 (Basehor-Linwood)	Public Education	340*
Hallmark Cards	Manufacturer	300
Heatron, Inc.	Manufacturer	250
Cushing Hospital	Healthcare	235
Consolidated Mail Order Pharmacy	Pharmacy Distributor	205
Cubic Defense Applications	Defense Contractor	100

* Includes substitute staff.

Source: This does not purport to be a comprehensive list and is based on a January 2020 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.

Labor Force Data

	<u>Annual Average</u>				<u>December</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Labor Force:					
Leavenworth County	35,293	35,787	36,219	36,546	37,238
State of Kansas	1,490,689	1,485,321	1,478,713	1,482,220	1,449,063
Unemployment Rate:					
Leavenworth County	4.5%	4.3%	3.9%	3.6%	3.1%
State of Kansas	4.2	4.0	3.7	3.4	3.21

Source: Kansas Labor Information Center, <http://www.klic.dol.ks.gov>. 2019 data are preliminary.

Retail Sales and Effective Buying Income

City of Basehor

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2019/20	\$45,968	\$187,341	\$68,427
2018/19	34,931	196,922	71,482
2017/18	N/A	172,072	66,078
2016/17	26,269	170,783	70,244
2015/16	25,243	162,560	67,800

Leavenworth County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2019/20	\$832,488	\$2,088,576	\$61,136
2018/19	809,067	2,151,692	60,952
2017/18	781,858	1,900,020	55,796
2016/17	707,400	1,858,774	57,150
2015/16	926,384	1,858,080	56,835

The 2019/20 Median Household EBI for the State of Kansas was \$51,580. The 2019/20 Median Household EBI for the United States was \$54,686.

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

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.

	Permits Issued		Total Value of Permits	
	Residential	Non-Residential	Residential	Non-Residential
2019	61	2	\$11,016,576	\$3,155,529
2018	123	0	24,509,086	0
2017	78	2	14,510,297	750,579
2016	95	2	17,050,346	5,063,195
2015	88	0	14,910,199	0
2014	113	0	17,801,755	0
2013	87	4	14,039,005	593,045
2012	45	2	6,971,541	57,898
2011	21	4	2,717,882	1,002,175
2010	8	3	1,070,276	1,469,066

Source: City of Basehor.

Financial Institutions

Branch offices of Citizens Savings and Loan Association, FSB; Community National Bank; and First State Bank and Trust are located in the City, and additional banking institutions are available to City residents throughout the Kansas City Metropolitan area.

* This does not purport to be a comprehensive list.

Source: Federal Deposit Insurance Corporation, <http://www.fdic.gov/>.

Medical and Health Facilities

City residents have access to medical facilities in the Kansas City metropolitan area as well as facilities located in the City of Leavenworth.

Education

Public Education

The headquarters of Unified School District No. 458 (Basehor-Linwood) (the "District") are located within the City. The District provides a complete educational curriculum for students from kindergarten through high school. The District's physical plant consists of three elementary schools, an intermediate school, a middle school, and a high school, and enrollment in the District for the 2018/19* school year was approximately 2,730 students.

* 2019/20 enrollment figures are not yet available.

Source: Kansas K-12 Reports, https://datacentral.ksde.org/report_gen.aspx.

Post-Secondary Education

Johnson County Community College and Baker University are located south of the City. The University of Kansas and Haskell Indian Nations University are both located in the nearby City of Lawrence, Kansas. Kansas City Kansas Community College is located in the City of Kansas City, Kansas with a satellite location in the City of Leavenworth.

GOVERNMENTAL ORGANIZATION AND SERVICES

The City was incorporated in 1965 and is a city of the third class. The City operates under a Mayor/Council form of government, and the Mayor and the City Council are elected at large to four-year terms. The Mayor presides over Council meetings and appoints certain City officials, including the City Administrator, subject to Council approval. The City Administrator is charged with the efficient and effective administration of the City.

<u>Name</u>	<u>Title</u>	<u>Expiration of Term</u>
David K. Breuer	Mayor	December 2021
Richard Drennon	Council President	December 2023
Vernon Fields	Council Member	December 2023
Ty Garver	Council Member	December 2021
Ben Sims	Council Member	December 2023
Shari Standiferd	Council Member	December 2021

City Officials

<u>Name</u>	<u>Title</u>
Leslee Rivarola	City Administrator
Katherine Renn	City Clerk
Kristi Olson	City Treasurer
Gene Myracle, Jr.	City Superintendent
Mark Lee	Planning & Zoning Director
Robert Pierce	Police Chief

Currently the City has 40 full-time and one part-time employee, including the Mayor and Council Members.

Services

Natural gas service is provided by Atmos Gas Service Company, and retail electricity is provided to the City by Westar Energy. Telephone service is provided by Southwestern Bell Telephone Company and AT&T. Midco Inc. and AT&T operate cable television systems under franchises with the City.

Fairmount Township has four full-time, nine part-time, 20 volunteer firefighters who provide protection for the City. The City's police protection is provided by 13, full-time police officers.

EMS service for the City is provided by Leavenworth County, stationed at the Fairmount Fire Department.

Labor Contracts

The City does not have any unions or labor contracts.

Employee Pensions

All employees of the City are entitled to enroll, at the City Council's discretion, in a Deferred Compensation Plan offered by Mass Mutual or such other insurance company as may offer a plan approved by the Kansas Legislature pursuant to K.S.A 75-5522 *et seq.* and K.S.A 75-5529 *et seq.* For full-time employees, the City contributes to the plan an amount according to the current maximum contribution to Social Security benefits. The 2018 payroll for employees covered by the plan was \$1,172,448, and the total gross payroll was \$1,649,144. The contribution for the year ending December 31, 2018 was \$46,238 from employees and \$69,966 from the City.

The City participates in the Kansas Public Employees Retirement System (KPERs), which administers the Kansas Police and Firemen Retirement System (KP&F), which is a cost sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, et seq. KP&F provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KP&F issues a publicly available financial report that includes financial statements and required supplementary information.

K.S.A. 74-4975 establishes the KP&F contribution rate at 7.15% of covered salary for the KPERs fiscal year ended June 30, 2018. The employer collects and remits contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KP&F is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KP&F uniform participating employer rate established for the KPERs fiscal year ended June 30, 2018 is 20.09%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City's contributions for the past five years are as follows:

	<u>KP&F</u>
2018	\$149,920
2017	132,230
2016	135,384
2015	141,616
2014	126,248

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the pension costs and the City's net pension liability for KP&F for the past four years are as follows:

	<u>Proportionate Share of Pension Costs</u>	<u>Net Pension Liability</u>
2018	0.146%	\$1,402,014
2017	0.131	1,230,371
2016	0.142	1,317,562
2015	0.143	1,041,028

For more information regarding the liability of the City with respect to its employees, please reference "Note C. Retirement Plans" and "Required Supplementary Information" of the City's Financial Statements for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement. (The City's Financial Statements for fiscal year ended December 31, 2019 is not yet available.)

Sources: City's Annual Financial Statements.

Other Post-Employment Benefits

The Government Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), establishing new accounting and financial reporting requirements related to post-employment healthcare and other non-pension benefits (referred to as Other Post-Employment Benefits or “OPEB”).

The City’s only OPEB is for health insurance. Retirees and disabilitants are eligible to remain on the City’s group health plan, but the City does not assist with premium payments. The only cost to the City comes from the implicit rate subsidy. Under GASB 75 such costs must be accounted for on an annual basis, however, management has determined that any liability related to postemployment benefits is immaterial to the City’s Annual Financial Statements.

Annual Financial Reporting

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the City prior to August 25 of each year (or October 1 if the City must conduct an election to increase property taxes above the tax lid 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. The Kansas Legislature passed legislation in 2015 and 2016 that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the “Tax Lid”). The Tax Lid became effective on January 1, 2017, and provides that, subject to certain exceptions, no city or county may approve an appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the immediately prior year, as adjusted to reflect the average changes in the consumer price index for the preceding five calendar years and provided that such average shall not be less than zero, unless approved by a majority vote of electors. The Tax Lid does not require an election in the following situations:

- “(1) Increased property tax revenues that, in the current year, are produced and attributable to the taxation of:
 - (A) The construction of any new structures or improvements or the remodeling or renovation of any existing structures or improvements on real property, which shall not include any ordinary maintenance or repair of any existing structures or improvements on the property;
 - (B) increased personal property valuation;
 - (C) real property located within added jurisdictional territory;
 - (D) real property which has changed in use;
 - (E) expiration of any abatement of property from property tax; or
 - (F) expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or any other similar property tax rebate or redirection program.
- (2) Increased property tax revenues that will be spent on:
 - (A) Bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016;

- (B) payment of special assessments not exceeding the amount of ad valorem property taxes levied in support of such payments;
 - (C) court judgments or settlements of legal actions against the city or county and legal costs directly related to such judgments or settlements;
 - (D) expenditures of city or county funds that are specifically mandated by federal or state law with such mandates becoming effective on or after July 1, 2015, and loss of funds from federal sources after January 1, 2017, where the city or county is contractually obligated to provide a service;
 - (E) expenses relating to a federal, state or local disaster or federal, state or local emergency, including, but not limited to, a financial emergency, declared by a federal or state official. The board of county commissioners may request the governor to declare such disaster or emergency; or
 - (F) increased costs above the consumer price index for law enforcement, fire protection or emergency medical services.
- (3) Any increased property tax revenues generated for law enforcement, fire protection or emergency medical services shall be expended exclusively for these purposes but shall not be used for the construction or remodeling of buildings.
- (4) The property tax revenues levied by the city or county have declined:
- (A) In one or more of the next preceding three calendar years and the increase in the amount of funding for the budget or appropriation from revenue produced from property taxes does not exceed the average amount of funding from such revenue of the next preceding three calendar years, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year; or
 - (B) the increase in the amount of ad valorem tax to be levied is less than the change in the consumer price index plus the loss of assessed property valuation that has occurred as the result of legislative action, judicial action or a ruling by the board of tax appeals.”

The Tax Lid also provides that “[w]henver a city or county is required by law to levy taxes for the financing of the budget of any political or governmental subdivision of this state that is not authorized by law to levy taxes on its own behalf, and the governing body of such city or county is not authorized or empowered to modify or reduce the amount of taxes levied therefore, the tax levies of the political or governmental subdivision shall not be included in or considered in computing the aggregate limitation upon the property tax levies of the city or county.”

Because of ambiguities in the Tax Lid, it is unclear how the various exceptions will be interpreted and how the provisions will be implemented. As a result, it is unclear how the Tax Lid will impact the City.

However, as described above, the Tax Lid provides a specific exception for “[b]ond, temporary notes, no fund warrants, state infrastructure loans, and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments” as well as certain lease payments. Therefore, the City is permitted under the Tax Lid to levy unlimited ad valorem taxes as necessary to pay principal of and interest on the Bonds, as required by the Bond Resolutions.

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

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

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 Mize Houser & Company, Lawrence, Kansas. Copies of the audit reports for the past five

(5) years are on file in the Clerk's office and are available for review. An excerpt of the City's Financial Statements for the Fiscal Year ended December 31, 2018 is attached hereto as Appendix IV.) The City's Financial Statements for fiscal year ended December 31, 2019 is not yet available.)

General Fund Budget Summary

	2018 <u>Budget</u>	2018 <u>Actual</u>	2019 <u>Budget</u>	2019 <u>Estimated</u>	2020 <u>Budget</u>
Unencumbered Cash Balance (at 1-1)	\$ 1,997,792	\$ 1,997,792	\$ 2,873,015	\$ 2,873,015	\$ 1,776,531
Receipts:					
Taxes	\$ 1,899,472	\$ 2,030,730	\$ 2,206,701	\$ 2,185,932	\$ 2,197,019
Licenses & Permits	179,300	263,083	179,300	148,750	193,300
Fines, Forfeitures, and Penalties	145,000	105,141	145,000	136,064	145,000
Use of Money and Property	-	32,615	-	37,015	15,000
Transfers In	304,505	247,500	353,345	-	66,000
Miscellaneous	224,000	305,666	233,500	323,652	342,655
Total Receipts	\$ 2,752,277	\$ 2,984,735	\$ 3,117,846	\$ 2,831,413	\$ 2,958,974
Resources Available	\$ 4,750,069	\$ 4,982,527	\$ 5,990,861	\$ 5,704,428	\$ 4,735,505
Expenditures:					
General Administration	\$ 1,225,337	\$ 480,593	\$ 1,201,456	\$ 1,228,517	\$ 1,111,662
Public Works	298,832	250,340	345,654	274,872	351,404
Culture & Recreation	67,600	54,299	71,200	71,302	-
Public Safety	1,215,445	954,034	1,226,519	1,048,344	1,234,693
Planning and Zoning	152,483	135,540	155,112	161,291	190,236
City Facilities	160,650	143,506	170,650	143,423	178,350
Transfers Out	148,200	91,200	148,200	91,200	305,000
Total Expenditures	\$ 3,268,547	\$ 2,109,512	\$ 3,318,791	\$ 3,018,948	\$ 3,371,345
Unencumbered Cash Balance (at 12-31)	<u>\$ 1,481,522</u>	<u>\$ 2,873,015</u>	<u>\$ 2,672,070</u>	<u>\$ 2,685,480</u>	<u>\$ 1,364,160</u>

Sources: City's Annual Financial Statements and the City.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Taxes	\$1,714,620	\$1,811,570	\$1,942,196	\$2,154,838	\$2,030,730
Miscellaneous	36,948	40,560	45,466	45,275	305,666
Licenses and Permits	185,985	167,985	229,535	163,605	263,083
Fines, Forfeitures, and Penalties	172,422	152,282	145,195	79,204	105,141
Use of Money and Property	2,479	2,952	6,166	13,814	32,615

Sources: City's Annual Financial Statements.

PROPOSED FORM OF LEGAL OPINION

GILMORE & BELL, P.C.
Attorneys at Law
2405 Grand Boulevard
Suite 1100
Kansas City, Missouri 64108-2521

March 26, 2020

Governing Body
City of Basehor, Kansas

_____, _____

Re: \$[PRINCIPAL AMOUNT] General Obligation Bonds, Series 2020-A of the City
 of Basehor, Kansas, Dated March 26, 2020

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

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

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

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

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

3. The interest on the Bonds [(including any original issue discount properly allocable to an owner thereof)] is: (a) excludable from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds are “qualified tax-exempt

obligations” for purposes of Code § 265(b)(3). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

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

Very truly yours,

GILMORE & BELL, P.C.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of March 26, 2020 (the “Continuing Disclosure Undertaking”), is executed and delivered by **CITY OF BASEHOR, KANSAS** (the “Issuer”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2020-A (the “Bonds”), pursuant to an Ordinance and Resolution adopted by the governing body of the Issuer (collectively the “Bond Resolution”).

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

The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

Section 2. Provision of Annual Reports.

(a) The Issuer shall, not later than June 30 after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending December 31, 2019, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

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

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

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

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under *Section 3*, and the Annual Report deadline provided above shall automatically become 180 days after the end of the Issuer’s new Fiscal Year.

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

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

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

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

Section 4. Termination of Reporting Obligation. The Issuer’s obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer’s obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under *Section 3*.

Section 5. Dissemination Agents. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any

manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Undertaking.

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

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

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

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

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

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

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid

counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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

CITY OF BASEHOR, KANSAS

(SEAL)

David K. Breuer, Mayor

Katherine M. Renn, City Clerk

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

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

- CITY PROPERTY VALUES—Trend of Values
- CITY INDEBTEDNESS (including disclosure regarding Debt Limit, General Obligation Bonds, any then outstanding Temporary Notes, and any then outstanding Capital Leases)
- CITY TAX RATES, LEVIES AND COLLECTIONS—Tax Levies and Collections
- CITY TAX RATES, LEVIES AND COLLECTIONS—Special Assessment Collections

**SUMMARY OF PROPERTY VALUATION, TAX LEVIES,
PAYMENT PROVISIONS AND THE CASH-BASIS LAW**

Following is a summary of certain statutory and constitutional provisions relative to the mechanisms of real property valuation, tax levy procedures, tax payment and distribution procedures, and the cash-basis laws of the state. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes and articles of the State Constitution. This summary reflects changes to Kansas property tax laws following amendment of the State Constitution in 1986 and 1992 relating to reappraisal and classification of real property for the purpose of property taxation.

Property Valuations (Chapter 79, Article 14, Kansas Statutes Annotated, and Article 11, Kansas Constitution)

Assessor’s Estimated Fair Market Value

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

Assessed Value and Property Classification

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

Class 1

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

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

Class 2

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

- (1) Mobile homes used for residential purposes 11½%
- (2) Mineral leasehold interests, except oil leasehold interests, the average daily production from which is five 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% 30%
- (3) 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 33%
- (4) All categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985 30%
- (5) Commercial and industrial machinery and equipment which, if its economic life is seven years or more, shall be valued at its retail cost less seven-year straight-line depreciation, or which, if its economic life is less than seven 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 25%
- (6) All other tangible personal property not otherwise specifically classified 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 is exempted from property taxation.

The 2006 Kansas 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.

Property Tax Payments and Delinquencies (Chapter 79, Articles 18, 20, 23, 24, 28 and 29, Kansas Statutes Annotated)

The amount of ad valorem taxes to be levied against property within a taxing jurisdiction is determined by the governing body of the jurisdiction as part of the annual budget approval process and certified, along with special assessments, to the county clerk not later than August 25 of each year. The county clerk assembles the tax levies and assessments from the various jurisdictions located within the county, together with any State property tax levies, into a tax roll specifying the tax on each taxable parcel of land in the county. The county treasurer receives the certified tax roll not later than September 1 each year and mails tax statements to taxpayers not later than December 15. Taxpayers have the option of paying the entire amount of taxes owed not later than December 20, or paying half at that time and the other half by the following May 10.

Property taxes not paid when and in the amounts due are considered delinquent and are subject to an interest penalty at a rate set by law. If delinquent taxes, plus accrued interest, have not been paid by July 10, the county treasurer will convey ownership of the property to the county, pursuant to statute. Delinquent taxpayers then have three years (or two years if both property taxes and special assessments are owed) to redeem their property by paying all unpaid taxes, fees, accrued interest and costs thereon. If not redeemed, the real estate will be disposed of by sheriff's sale at public auction to the highest bidder following judicial foreclosure proceedings. The net proceeds of the sheriff's sale are apportioned on a pro rata basis to the various taxing units having jurisdiction over the property.

Property Tax Distributions (Section 12-1678a, Kansas Statutes Annotated)

Property taxes and special assessments collected by the county treasurer on December 20 and May 10 are distributed to the various taxing units on January 20 and June 5, respectively, in the actual amount collected as of not more than 20 days prior to the distribution date. In addition, distributions of interim collections are made on March 20 and September 20, in an amount equal to 95% of the estimated amount collected but not less than the actual amount collected as of not more than 20 days prior to such distribution dates. A final distribution is made on October 31, just prior to the receipt by the treasurer of the following year's tax roll.

The Kansas Cash-Basis Law (Chapter 10, Article 11, Kansas Statutes Annotated)

All municipalities and taxing subdivisions of the State are required by law to administer their financial operations on a cash basis, except in specific instances. Simply stated, a municipality may not incur a financial obligation in an amount which exceeds the amount of funds actually on hand at the time the obligation is incurred. The most notable exceptions to the cash-basis law are bonds, notes and warrants issued in accordance with State law, contracts approved by referenda and teacher contracts.

In order to operate efficiently on a cash basis, municipalities must adhere to certain statutory budgeting and accounting requirements which segregate financial resources into various operating funds, such as the general fund and the debt service fund, and limit the expenditure of such resources to the amounts identified in the duly adopted budget for each fund. Budgeted expenditures must be balanced with budgeted revenue for each fund, and moneys cannot be transferred between funds to cover excessive spending. Likewise, surplus revenue must be carried forward and used to reduce tax levies in the following year, with allowance for reasonable reserves.

According to the Kansas Supreme Court, the purpose of the cash-basis and budget laws is to provide for "the systematical, intelligent and economical administration of the financial affairs of municipalities and other taxing subdivisions of the state, so as to avoid waste and extravagance and yet permit such units of government to function so as to supply the governmental wants and needs of the people." (State, ex rel., v. Republic County Commissioners, 148 Kan. 376, 383.) It has the collateral effect of ensuring that financial obligations legally entered into will be paid.

EXCERPT OF 2018 ANNUAL FINANCIAL STATEMENTS

The following includes an excerpt of the 2018 Annual Financial Statements of the City. (The City's Annual Financial Statements for fiscal year ended December 31, 2019 is not yet available). The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Basehor, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of December 31, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund, consolidated highway fund, capital improvements reserve fund and the employee benefit fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the schedule of the City's proportionate share of the net pension liability on page 43, and the schedule of the City's contributions on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Migz Houser: Company PA

Certified Public Accountants
Lawrence, Kansas

May 14, 2019

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018
Unaudited

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018
Unaudited

Our discussion and analysis of the City of Basehor, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2018.

Financial Highlights

- The Government-wide net position totaled \$21.1 million at the end of the current fiscal year.
- The Government-wide unrestricted current assets exceed the current liabilities by \$7.5 million, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2018 totaled \$26.6 million.
- During the year ended December 31, 2018, the City's total revenues (which include charges for services, local taxes, and state and federal aid) exceeded total expenses by \$1.5 million.
- The City's total indebtedness decreased by \$1.6 million.
- The City's net investment in capital assets increased \$1.4 million in the current fiscal year.

Using This Financial Report

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds.

Reporting on the City as a Whole (Government Wide)

Statement of Net Position and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Position and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net position and current year change in those net position. The change in net position is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

Governmental Activities - Most of the City's programs and services are reported here including general government, public safety, public works, and culture and recreation.

Business-Type Activities - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The City's sewer utility and the solid waste utility are reported as business-type activities.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds - Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and balances left over at fiscal yearend available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Position and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

Proprietary Funds - Proprietary funds (Solid Waste Utility and Sewer Utility) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the government-wide financial statements.

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018
Unaudited

The City as a Whole

Government-Wide Position

The Statement of Net Position provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Position as of December 31, 2018:

City of Basehor
Condensed Statement of Net Position
December 31, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 7,225,504	\$ 8,678,475	\$ 2,231,053	\$ 2,144,719	\$ 9,456,557	\$10,824,194
Non current assets	12,862,723	10,736,516	13,749,508	14,439,102	26,512,231	25,175,618
Deferred outflows of resources	392,591	310,829	-	-	392,591	310,829
Total assets and deferred outflows of resources	\$20,480,818	\$19,726,820	\$15,980,561	\$16,583,821	\$36,461,379	\$36,310,641
Current liabilities	\$ 1,145,986	\$ 1,133,990	\$ 802,043	\$ 812,734	\$ 1,948,031	\$ 1,946,724
Noncurrent liabilities	5,371,384	6,168,894	5,568,485	6,315,740	10,939,869	12,484,434
Deferred inflows of resources	2,423,673	2,253,239	-	-	2,423,673	2,253,239
Total liabilities and deferred inflows of resources	\$ 6,941,045	\$ 9,555,923	\$ 6,370,528	\$ 7,128,474	\$15,311,573	\$16,664,397
Net Position:						
Net investment in capital assets	\$ 7,952,054	\$ 4,876,179	\$ 7,459,722	\$ 7,416,876	\$15,411,776	\$12,297,055
Restricted for:						
Debt service	364,797	114,336	-	-	364,797	114,336
Capital outlay	331,133	242,148	-	-	331,133	242,148
Unrestricted	2,891,789	4,936,234	2,190,311	2,036,471	5,042,100	6,972,705
Total net position	\$11,539,773	\$10,170,897	\$ 9,610,033	\$ 9,455,347	\$21,149,808	\$19,626,244

The assets of the City are classified as current assets and capital assets. Cash and investments and accounts receivable are the largest current assets. These are assets that are available to provide resources for the near-term operations of the City. Capital assets are used in the operations of the City. These assets include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued liabilities, and current portion of long-term obligations. Current assets exceed current liabilities by \$7.5 million, representing the City's ability to meet current obligations when due.

The City has \$11.2 million in long-term debt, consisting of general obligation bonds and capital leases payable, of which \$1.7 million is due within the next fiscal year.

The City had total assets at December 31, 2018, totaling \$36.5 million. The total assets of the City exceeded the total liabilities by \$21.1 million. Net investment in capital assets totaled \$15.4 million, restricted net position totaled \$7 million and unrestricted net position totaled \$5 million.

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018
Unaudited

Government-Wide Activities

The following is a condensed statement of the City's change in net position for the year ended December 31, 2018. Major items of program revenues, grants and general revenues are detailed below. Government-wide activities increased the net position of the City by \$1.4 million for the year ended December 31, 2018. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located on page 14 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of bonds and leases in the current fiscal year of \$9 million, which are treated as expenditures in the fund statements and a reduction of long-term debt payable in the Government wide financial statements. Capital outlays of \$3.4 million are treated as expenditures in the fund statements, but are treated as capital assets in the Government wide financial statements.

City of Basehor
Condensed Statement of Changes in Net Position
For the Years Ending December 31, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 463,078	\$ 331,209	\$ 2,382,141	\$ 2,092,670	\$ 2,845,219	\$ 2,423,879
Operating grants	36,186	34,682	104,463	105,396	140,649	140,078
General revenues:						
Taxes	5,002,887	4,630,955	-	-	5,002,887	4,630,955
Transfers [net]	470,942	203,022	[470,942]	[203,022]	-	-
Other	152,713	124,824	34,958	15,565	187,671	140,389
Total revenues	6,125,806	5,324,892	2,050,820	2,010,609	8,176,426	7,335,301
Program expenses:						
General government	2,119,297	2,074,095	-	-	2,119,297	2,074,095
Public safety	1,111,762	831,903	-	-	1,111,762	831,903
Public works	1,356,935	1,206,348	-	-	1,356,935	1,206,348
Culture and recreation	87,029	132,760	-	-	87,029	132,760
Sewer utility	-	-	1,507,025	1,643,333	1,507,025	1,643,333
Solid waste utility	-	-	388,909	366,928	388,909	366,928
Interest on long term debt	81,907	181,991	-	-	81,907	181,991
Total expenses	4,756,930	4,427,097	1,895,934	2,010,261	6,652,864	6,437,358
Increase [decrease] in net position	\$ 1,368,876	\$ 897,595	\$ 154,886	\$ 348	\$ 1,523,562	\$ 897,943

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018
Unaudited

Governmental Activities increase the net position by \$1.4 million. Business-type activities increased the net position by \$2 million. The primary increases in Governmental Activities can be attributed to many factors, in addition to conservative spending. Key elements in the Business-type activities increase is due to an increase in customer charges in the Sewer Utility Fund.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources.

Total fund balances at December 31, 2018, for the governmental funds totaled \$4.8 million. Total unassigned fund balances at December 31, 2018, totaled \$2.8 million, all of which was attributable to the General Fund. The remainder of fund balance includes: \$.7 million of restricted fund balance to indicate that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations; \$1.3 million of assigned fund balance to indicate amounts that are constrained by the City's management to be used for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2.8 million, which represents all of the total fund balance. The increase in the General Fund's fund balance was \$.8 million.

The Consolidated Highway Fund is used to account for road and highway projects. At the end of the current fiscal year, restricted fund balance of the Consolidated Highway Fund was \$.3 million and assigned fund balance was \$.5 million, which totals \$.8 million in total fund balance. The decrease in the fund's fund balance was \$1.95 million.

The Capital Improvements Reserve Fund is used to account for capital improvement projects. At the end of the current fiscal year, assigned fund balance of the Capital Improvements Reserve Fund was \$.2 million, which represents all of the total fund balance. The decrease in the Capital Improvement Reserve Fund's fund balance was \$.8 million.

The Employee Benefit Fund is used to account for employee benefits. At the end of the current fiscal year, assigned fund balance of the Employee Benefit Fund was \$.3 million, which represents all of the total fund balance. The increase in the Fund's fund balance was \$125,699.

The Bond and Interest Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general long-term debt. At the end of the current fiscal year, restricted fund balance of the Bond and Interest Fund was \$.4 million, which represents all of the total fund balance. This is an increase of \$.25 million over the fiscal previous year

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

Unrestricted net position of the Sewer Utility Fund at the end of the year amounted to \$2 million and the unrestricted net position of the Solid Waste Utility Fund at the end of the year amounted to \$74,189. The total change in the two funds was \$159,546 and \$[4,860], respectively.

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018
Unaudited

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's final General Fund budget for expenditures was \$3,767,803, the same as the original published budget. The revenues were more than budgetary estimates by \$257,386 and the expenditures were less than budgetary estimates by \$1,604,692.

Fixed Assets and Debt Administration

The City's investment in fixed assets for its governmental and business-type activities totaled \$26.6 million (net of accumulated depreciation) as of December 31, 2018.

Major fixed asset events during the current fiscal year included the following:

The City spent \$2.5 million on street and curb projects and \$600,000 on the police station project during the year.

At December 31, 2018, the City had total debt outstanding of \$11.2 million, backed by the full faith and credit of the City. Total long-term debt decreased for the fiscal year ended December 31, 2018, in the amount of \$1.6 million. This was a result of the gradual pay down of current outstanding debt.

Additional information on the City's general long term debt can be found in Note III to the financial statements.

Contacting the City

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

CITY OF BASEHOR, KANSAS
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,525,640	\$ 2,052,094	\$ 6,577,734
Receivables:			
Taxes	2,356,009	-	2,356,009
Municipal court	12,662	-	12,662
Other	60	178,959	179,019
Restricted cash and cash equivalents	331,133	-	331,133
Total current assets	7,225,504	2,231,053	9,456,557
Noncurrent assets:			
Nondepreciable capital assets:			
Construction in process	2,577,855	-	2,577,855
Land	550,659	-	550,659
Depreciable capital assets:			
Less: accumulated depreciation	24,697,342	28,711,676	53,409,018
	[14,963,133]	[14,962,168]	[29,925,301]
Total noncurrent assets	12,862,723	13,749,508	26,612,231
Total assets	20,088,227	15,980,561	36,068,788
Deferred outflow of resources			
Pension liability	392,591	-	392,591
Total deferred outflow of resources	392,591	-	392,591
Total assets and deferred outflow of resources	\$ 20,480,818	\$ 15,980,561	\$ 36,461,379
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 52,127	\$ -	\$ 52,127
Accrued liabilities	40,572	11,284	51,856
Accrued interest payable	38,719	46,167	84,886
Current portion of capital lease payable	2,700	-	2,700
Compensated absences payable	68,171	23,291	91,462
Current portion of general obligation bonds payable	943,699	721,301	1,665,000
Total current liabilities (payable from current assets)	1,145,988	802,043	1,948,031
Noncurrent liabilities:			
Net pension liability	1,402,014	-	1,402,014
Capital lease payable	2,400	-	2,400
General obligation bonds payable	3,966,970	5,568,485	9,535,455
Total noncurrent liabilities	5,371,384	5,568,485	10,939,869
Total liabilities	6,517,372	6,370,528	12,887,900
Deferred inflows of resources			
Unavailable revenue - property taxes	2,356,009	-	2,356,009
Pension liability	67,664	-	67,664
Total deferred inflows of resources	2,423,673	-	2,423,673
Total liabilities and deferred inflows of resources	\$ 8,941,045	\$ 6,370,528	\$ 15,311,573
Net Position			
Net investment in capital assets	\$ 7,952,054	\$ 7,459,722	\$ 15,411,776
Restricted for:			
Debt service	364,797	-	364,797
Capital outlay	331,133	-	331,133
Unrestricted	2,891,789	2,150,311	5,042,100
Total net position	\$ 11,539,773	\$ 9,610,033	\$ 21,149,806

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

CITY OF BASEHOR, KANSAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	Program Revenues			Net [Expenses] Revenue and Changes in Net Assets		
	Expenses	Charges for		Governmental Activities	Primary Government	
		Services	Operating Grants and Contributions		Business Type Activities	Total
Governmental activities:						
General government	\$ 2,119,297	\$ -	\$ -	\$ [2,119,297]	\$ -	\$ [2,119,297]
Public safety	1,111,762	105,730	-	[1,006,032]	-	[1,006,032]
Public works	1,356,935	357,348	36,186	[963,401]	-	[963,401]
Culture and recreation	87,029	-	-	[87,029]	-	[87,029]
Interest on long-term debt	81,907	-	-	[81,907]	-	[81,907]
Total governmental activities	4,756,930	463,078	36,186	[4,257,666]	-	[4,257,666]
Business-type activities:						
Sewer Utility	1,507,025	1,978,399	104,463	-	575,837	575,837
Solid Waste Utility	388,909	403,742	-	-	14,833	14,833
Total business-type activities	1,895,934	2,382,141	104,463	-	590,670	590,670
Total primary government	\$ 6,652,864	\$ 2,845,219	\$ 140,649	[4,257,666]	590,670	[3,666,996]
General Revenues:						
Property taxes levied for						
General purposes				2,102,613	-	2,102,613
Debt service				847,756	-	847,756
Franchise tax				290,664	-	290,664
Liquor tax				30,969	-	30,969
Sales tax				1,227,354	-	1,227,354
Motor vehicle tax				314,055	-	314,055
Excise tax				30,591	-	30,591
Miscellaneous tax				158,885	-	158,885
Investments earnings				104,895	34,958	139,853
Miscellaneous				47,818	-	47,818
Transfers, net				470,942	[470,942]	-
Total general revenues				5,626,542	[435,984]	5,190,558
Change in net position				1,368,876	154,686	1,523,562
Net position - beginning				10,170,897	9,455,347	19,626,244
Net position - ending				\$ 11,539,773	\$ 9,610,033	\$ 21,149,806

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

CITY OF BASEHOR, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	<u>General</u>	<u>Consolidated Highway</u>	<u>Capital Improvements Reserve</u>	<u>Employee Benefit</u>	<u>Bond and Interest</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 2,857,419	\$ 449,194	\$ 260,132	\$ 328,051	\$ 364,797	\$ 266,052	\$ 4,525,645
Receivables							
Taxes	1,457,859	-	-	643,431	254,719	-	2,356,009
Municipal court	12,662	-	-	-	-	-	12,662
Accounts	60	-	-	-	-	-	60
Restricted cash and cash equivalents	-	331,133	-	-	-	-	331,133
Total assets	\$ 4,328,000	\$ 780,327	\$ 260,132	\$ 971,482	\$ 619,516	\$ 266,052	\$ 7,225,509
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 16,099	\$ -	\$ 36,028	\$ -	\$ -	\$ -	\$ 52,127
Accrued liabilities	40,572	-	-	-	-	-	40,572
Total liabilities	56,671	-	36,028	-	-	-	92,699
Deferred inflows of resources:							
Unavailable revenue - property taxes	1,457,859	-	-	643,431	254,719	-	2,356,009
Total deferred inflows of resources	1,457,859	-	-	643,431	254,719	-	2,356,009
Total liabilities and deferred inflows of resources	1,514,530	-	36,028	643,431	254,719	-	2,448,708
Fund balance:							
Restricted	-	331,133	-	-	364,797	-	695,930
Assigned	-	449,194	224,104	328,051	-	266,052	1,267,401
Unassigned	2,813,470	-	-	-	-	-	2,813,470
Total fund balance [deficit]	2,813,470	780,327	224,104	328,051	364,797	266,052	4,776,801
Total liabilities and fund balances	\$ 4,328,000	\$ 780,327	\$ 260,132	\$ 971,482	\$ 619,516	\$ 266,052	\$ 7,225,509

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

CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES

For the Year Ended December 31, 2018

Total Governmental Fund Balances		\$ 4,776,801
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	27,825,856	
Accumulated depreciation is	<u>[14,963,133]</u>	12,862,723
Pension contributions are reported as an expense in the funds as a deferred outflow of resources in the governmental activities in the statement of net position		
		392,591
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		
		[1,469,678]
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year end consist of:		
General obligation bonds payable	4,910,669	
Lease payable	5,100	
Interest payable	38,724	
Compensated absences payable	<u>68,171</u>	<u>[5,022,664]</u>
Net Position of Governmental Activities		<u>\$ 11,539,773</u>

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	<u>General</u>	<u>Consolidated Highway</u>	<u>Capital Improvements Reserve</u>	<u>Employee Benefit</u>	<u>Bond and Interest</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:							
Taxes	\$ 2,291,727	\$ 994,426	\$ 151,353	\$ 700,004	\$ 265,452	\$ 17,621	\$ 4,420,583
Intergovernmental	-	-	-	-	36,186	-	36,186
Special assessments	-	-	-	-	582,304	-	582,304
Licenses, permits and fees	256,548	-	-	-	-	100,800	357,348
Fines, forfeitures and penalties	105,730	-	-	-	-	-	105,730
Use of money and property	32,615	27,448	7,722	4,711	28,522	3,877	104,895
Miscellaneous	44,669	-	3,149	-	-	-	47,818
Total revenues	2,731,289	1,021,874	162,224	704,715	912,464	122,298	5,654,864
EXPENDITURES:							
Current							
General government	778,829	51,555	788,877	599,831	-	-	2,219,092
Public works	254,273	-	-	-	-	-	254,273
Culture and recreation	75,757	-	-	-	-	-	75,757
Public safety	963,052	-	-	-	-	-	963,052
Capital outlay	-	2,920,476	-	-	-	315,530	3,236,006
Debt service							
Principal	-	-	-	-	925,514	-	925,514
Interest and other charges	-	-	-	-	139,116	-	139,116
Total expenditures	2,071,911	2,972,031	788,877	599,831	1,064,630	315,530	7,812,810
Excess [deficiency] of revenues over [under] expenditures	<u>659,378</u>	<u>[1,950,157]</u>	<u>[626,653]</u>	<u>104,884</u>	<u>[152,166]</u>	<u>[193,232]</u>	<u>[2,157,946]</u>
OTHER FINANCING SOURCES [USES]							
Transfers in	247,500	-	-	20,815	402,627	91,200	762,142
Transfers [out]	[91,200]	-	[200,000]	-	-	-	[291,200]
Total other financing sources [uses]	156,300	-	[200,000]	20,815	402,627	91,200	470,942
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	815,678	[1,950,157]	[826,653]	125,699	250,461	[102,032]	[1,687,004]
Fund balance - Beginning of year	1,997,792	2,730,484	1,050,757	202,352	114,336	368,084	6,463,805
Fund balance - End of year	\$ 2,813,470	\$ 780,327	\$ 224,104	\$ 328,051	\$ 364,797	\$ 266,052	\$ 4,776,801

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

CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Total Net Change In Fund Balances - Governmental Funds		\$ [1,687,004]
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	3,362,651	
Depreciation expense	<u>[1,236,444]</u>	2,126,207
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.		
		35,052
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		6,894
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		947,668
Repayment of capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		8,300
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities		
		<u>[68,241]</u>
Changes In Net position of Governmental Activities		<u>\$ 1,368,876</u>

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

CITY OF BASEHOR, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2018

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 2,291,727	\$ -	\$ 2,291,727	\$ 2,106,550	\$ 2,106,550	\$ 185,177
Licenses and permits	256,548	-	256,548	179,300	179,300	77,248
Fines, forfeitures and penalties	105,730	5,946	111,676	145,000	145,000	[33,324]
Use of money and property	32,615	-	32,615	5,000	5,000	27,615
Miscellaneous	44,669	-	44,669	44,000	44,000	669
Total Revenues	2,731,289	5,946	2,737,235	2,479,850	2,479,850	257,385
Expenditures:						
General Administration:						
Personal services	317,942	-	317,942	573,240	573,240	255,298
Contractual services	421,627	-	421,627	481,580	481,580	59,953
Commodities	8,252	-	8,252	472,550	472,550	464,298
Capital outlay	31,008	-	31,008	567,356	567,356	536,348
	778,829	-	778,829	2,094,726	2,094,726	1,315,897
Public Safety						
Personal services	826,642	-	826,642	1,049,695	1,049,695	223,053
Contractual services	91,951	-	91,951	106,250	106,250	14,299
Commodities	36,459	-	36,459	51,500	51,500	15,041
Capital outlay	8,000	-	8,000	8,000	8,000	-
	963,052	-	963,052	1,215,445	1,215,445	252,393
Highways and Streets						
Personal services	223,525	-	223,525	260,082	260,082	36,557
Contractual services	17,212	-	17,212	17,250	17,250	38
Commodities	10,692	-	10,692	11,500	11,500	808
Capital outlay	2,844	-	2,844	10,000	10,000	7,156
	254,273	-	254,273	298,832	298,832	44,559
Culture and recreation						
Personal services	8,197	-	8,197	15,000	15,000	6,803
Contractual services	30,533	-	30,533	15,600	15,600	[14,933]
Commodities	1,396	-	1,396	1,000	1,000	[396]
Capital outlay	35,631	-	35,631	36,000	36,000	369
	75,757	-	75,757	67,600	67,600	[8,157]

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

CITY OF BASEHOR, KANSAS

GENERAL FUND - (Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2018

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Expenditures (Continued):						
Total Expenditures	\$ 2,071,911	\$ -	\$ 2,071,911	\$ 3,676,603	\$ 3,676,603	\$ 1,604,692
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>659,378</u>	<u>5,946</u>	<u>665,324</u>	<u>[1,196,753]</u>	<u>[1,196,753]</u>	<u>1,862,077</u>
Other Financing Sources [Uses]:						
Transfers in	247,500	-	247,500	304,505	304,505	[57,005]
Transfers [out]	<u>[91,200]</u>	<u>-</u>	<u>[91,200]</u>	<u>[91,200]</u>	<u>[91,200]</u>	<u>-</u>
Total Other Financing Sources [Uses]	<u>156,300</u>	<u>-</u>	<u>156,300</u>	<u>213,305</u>	<u>213,305</u>	<u>[57,005]</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	815,678	5,946	821,624	\$ <u>[983,448]</u>	\$ <u>[983,448]</u>	\$ <u>1,805,072</u>
Fund Balance, January 1	<u>1,997,792</u>	<u>[18,608]</u>	<u>1,979,184</u>			
Fund Balance, December 31	\$ <u>2,813,470</u>	\$ <u>[12,662]</u>	\$ <u>2,800,808</u>			

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

CITY OF BASEHOR, KANSAS

CONSOLIDATED HIGHWAY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2018

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 994,426	\$ -	\$ 994,426	\$ 703,860	\$ 803,860	\$ 190,566
Use of money and property	27,448	-	27,448	4,500	4,500	22,948
Total Revenues	1,021,874	-	1,021,874	708,360	808,360	213,514
Expenditures:						
Commodities	51,555	-	51,555	-	-	[51,555]
Capital outlay	2,785,907	-	2,785,907	1,560,000	3,360,000	574,093
Contractual	134,569	-	134,569	-	-	[134,569]
Total Expenditures	2,972,031	-	2,972,031	1,560,000	3,360,000	387,969
Excess [Deficiency] of Revenues Over [Under] Expenditures	[1,950,157]	-	[1,950,157]	\$ [851,640]	\$ [2,551,640]	\$ 601,483
Fund Balance, January 1	2,730,484	-	2,730,484			
Fund Balance, December 31	\$ 780,327	\$ -	\$ 780,327			

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

CITY OF BASEHOR, KANSAS

CAPITAL IMPROVEMENTS RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2018

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 151,353	\$ -	\$ 151,353	\$ 100,000	\$ 100,000	\$ 51,353
Use of money and property	7,722	-	7,722	3,000	3,000	4,722
Miscellaneous	3,149	-	3,149	-	-	3,149
Total Revenues	<u>162,224</u>	<u>-</u>	<u>162,224</u>	<u>103,000</u>	<u>103,000</u>	<u>59,224</u>
Expenditures:						
Contractual	38,290	-	38,290	-	-	[38,290]
Capital outlay	750,587	-	750,587	710,000	710,000	[40,587]
Total Expenditures	<u>788,877</u>	<u>-</u>	<u>788,877</u>	<u>710,000</u>	<u>710,000</u>	<u>[78,877]</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>[626,653]</u>	<u>-</u>	<u>[626,653]</u>	<u>[607,000]</u>	<u>[607,000]</u>	<u>[19,653]</u>
Other Financing Sources [Uses]:						
Transfers [out]	[200,000]	-	[200,000]	-	-	[200,000]
Total Other Financing Sources [Uses]	<u>[200,000]</u>	<u>-</u>	<u>[200,000]</u>	<u>-</u>	<u>-</u>	<u>[200,000]</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	<u>[826,653]</u>	<u>-</u>	<u>[826,653]</u>	<u>\$ [607,000]</u>	<u>\$ [607,000]</u>	<u>\$ [219,653]</u>
Fund Balance, January 1	<u>1,050,757</u>	<u>-</u>	<u>1,050,757</u>			
Fund Balance, December 31	<u>\$ 224,104</u>	<u>\$ -</u>	<u>\$ 224,104</u>			

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

CITY OF BASEHOR, KANSAS

EMPLOYEE BENEFIT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2018

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 700,004	\$ -	\$ 700,004	\$ 686,273	\$ 686,273	\$ 13,731
Use of money and property	4,711	-	4,711	650	650	4,061
Total Revenues	704,715	-	704,715	686,923	686,923	17,792
Expenditures:						
Personal services	599,831	-	599,831	988,646	988,646	388,815
Total Expenditures	599,831	-	599,831	988,646	988,646	388,815
Excess [Deficiency] of Revenues Over [Under] Expenditures	104,884	-	104,884	[301,723]	[301,723]	406,607
Other Financing Sources [Uses]:						
Transfers in	20,815	-	20,815	107,875	107,875	[87,060]
Total Other Financing Sources [Uses]	20,815	-	20,815	107,875	107,875	[87,060]
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	125,699	-	125,699	\$ [193,848]	\$ [193,848]	\$ 319,547
Fund Balance, January 1	202,352	-	202,352			
Fund Balance, December 31	\$ 328,051	\$ -	\$ 328,051			

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

CITY OF BASEHOR, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,995,434	\$ 56,660	\$ 2,052,094
Receivables:			
Accounts (net of allowance)	141,908	37,051	178,959
Total current assets	2,137,342	93,711	2,231,053
Noncurrent assets:			
Depreciable capital assets:	28,711,676	-	28,711,676
Less: accumulated depreciation	[14,962,168]	-	[14,962,168]
Total noncurrent assets	13,749,508	-	13,749,508
Total Assets	\$ 15,886,850	\$ 93,711	\$ 15,980,561
LIABILITIES AND NET POSITION			
Current liabilities (payable from current assets):			
Accrued interest	\$ 46,167	\$ -	\$ 46,167
Accrued compensation	3,769	19,522	23,291
Accrued payroll	11,284	-	11,284
Current portion of general obligation payable	721,301	-	721,301
Total current liabilities (payable from current assets):	782,521	19,522	802,043
Noncurrent liabilities:			
General obligation bond payable	5,568,485	-	5,568,485
Total noncurrent liabilities:	5,568,485	-	5,568,485
Total Liabilities	\$ 6,351,006	\$ 19,522	\$ 6,370,528
Net Position:			
Net investment in capital assets	\$ 7,459,722	\$ -	\$ 7,459,722
Unrestricted	2,076,122	74,189	2,150,311
Total Net Position	\$ 9,535,844	\$ 74,189	\$ 9,610,033

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Operating revenues:			
Charges for services	\$ 1,978,399	\$ 403,742	\$ 2,382,141
Special assessments	78,511	-	78,511
Miscellaneous	25,952	-	25,952
Total operating revenues	<u>2,082,862</u>	<u>403,742</u>	<u>2,486,604</u>
Operating expenses:			
Personnel	245,519	55,873	301,392
Contractual	267,965	329,847	597,812
Commodities	37,469	3,189	40,658
Capital outlay	117,021	-	117,021
Depreciation	716,589	-	716,589
Total operating expenses	<u>1,384,563</u>	<u>388,909</u>	<u>1,773,472</u>
Operating income [loss]	<u>698,299</u>	<u>14,833</u>	<u>713,132</u>
Nonoperating revenues [expenses]:			
Interest on long term debt	[122,462]	-	[122,462]
Interest earned	33,836	1,122	34,958
Total nonoperating revenues [expenses]	<u>[88,626]</u>	<u>1,122</u>	<u>[87,504]</u>
Income [loss] before transfers	<u>609,673</u>	<u>15,955</u>	<u>625,628</u>
Transfers from [to] other funds			
Transfers [out]	[450,127]	[20,815]	[470,942]
Total transfers	<u>[450,127]</u>	<u>[20,815]</u>	<u>[470,942]</u>
Change in net position	159,546	[4,860]	154,686
Net position, January 1	<u>9,376,298</u>	<u>79,049</u>	<u>9,455,347</u>
Net position, December 31	<u>\$ 9,535,844</u>	<u>\$ 74,189</u>	<u>\$ 9,610,033</u>

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

CITY OF BASEHOR, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,082,599	\$ 402,080	\$ 2,484,679
Cash paid to suppliers and employees	<u>[666,658]</u>	<u>[388,919]</u>	<u>[1,055,577]</u>
Net Cash Provided by [Used in] Operating Activities	<u>1,415,941</u>	<u>13,161</u>	<u>1,429,102</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers [in] out	<u>[450,127]</u>	<u>[20,815]</u>	<u>[470,942]</u>
Net Cash Provided by [Used in] Non-Capital Financing Activities	<u>[450,127]</u>	<u>[20,815]</u>	<u>[470,942]</u>
Cash Flows from Capital and Related Financing Activities			
Capital asset additions, net	[26,995]	-	[26,995]
Principal paid on bonds, notes and loans	[730,440]	-	[730,440]
Interest expense and fiscal charges	<u>[151,274]</u>	<u>-</u>	<u>[151,274]</u>
Net Cash Provided by [Used in] Capital and Related Financing Activities	<u>[908,709]</u>	<u>-</u>	<u>[908,709]</u>
Cash Flows from Investing Activities:			
Interest income	<u>33,836</u>	<u>1,122</u>	<u>34,958</u>
Net Cash Provided by [Used in] Investing Activities	<u>33,836</u>	<u>1,122</u>	<u>34,958</u>
Net Increase [Decrease] in Cash and Cash Equivalents	90,941	[6,532]	84,409
Cash and Equivalents, January 1	<u>1,904,493</u>	<u>63,192</u>	<u>1,967,685</u>
Cash and Equivalents, December 31	<u>\$ 1,995,434</u>	<u>\$ 56,660</u>	<u>\$ 2,052,094</u>

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

CITY OF BASEHOR, KANSAS
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:			
Operating income [loss]	\$ 698,299	\$ 14,833	\$ 713,132
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	716,589	-	716,589
Change in assets and liabilities:			
[Increase] decrease in accounts receivable	[263]	[1,662]	[1,925]
Increase [decrease] in compensated absences/accrued payroll	1,316	[10]	1,306
Total Adjustments	717,642	[1,672]	715,970
Net Cash Provided by [Used in] Operating Activities	\$ 1,415,941	\$ 13,161	\$ 1,429,102

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

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Basehor, Kansas (the City), is a municipal corporation governed by an elected six-member council. The City has no component units.

B. *Government-wide and Fund Financial Statements*

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the City.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. The City has no fiduciary funds.

C. *Measurement Focus, Basis of Accounting and Basis of Presentation*

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

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

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

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

The Bond and Interest Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental.

The City reports the following major proprietary funds:

The Sewer Utility Fund is used to account for the activities of the City's wastewater operations.

The Solid Waste Utility Fund is used to account for the activities of the City's refuse operations.

D. *Assets, Liabilities and Equity*

1. Deposits and Investments

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

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

Investments are stated at fair market value.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

2. Receivables and Payables

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

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

Property taxes receivable - The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2019.

3. Capital Assets

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

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

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

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

3. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	50 - 100
Other equipment	5 - 20
Vehicles	6 - 10
Infrastructure	30 - 75

4. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off. Paid time off earned but unused at termination (if a two-week notice is given) is paid to the employees at their current rate of pay.

Vested or accumulated paid time off that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. Vested or accumulated paid time off of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees.

The General Fund and Sewer Utility Fund have been used in prior years to liquidate the liability for compensated absences.

5. Long-Term Obligations

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

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

6. Use of Estimates

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

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

7. Net Position

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

8. Deferred Outflows/Inflows of Resources

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

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

9. Fund Equity

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

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

9. Fund Balance Reserves (Continued)

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds					Other Governmental Funds	Total Governmental Funds
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	Bond and Interest		
Fund Balances:							
Restricted for:							
Debt retirement	\$ -	\$ -	\$ -	\$ -	\$ 364,797	\$ -	\$ 364,797
Capital improvements	-	331,133	-	-	-	-	331,133
Assigned for:							
Street project construction	-	449,194	-	-	-	-	449,194
Capital improvements	-	-	224,104	-	-	148,017	372,121
Employee benefits	-	-	-	328,051	-	-	328,051
Culture and recreation	-	-	-	-	-	71,322	71,322
Equipment outlay	-	-	-	-	-	46,713	46,713
Unassigned:	2,813,470	-	-	-	-	-	2,813,470
Total Fund Balances	\$ 2,813,470	\$ 780,327	\$ 224,104	\$ 328,051	\$ 364,797	\$ 266,052	\$ 4,776,801

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in the 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 the notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was amended for the Consolidated Highway and the Solid Waste Utility fund during the year ended December 31, 2018.

The statutes permit management to transfer 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.

CITY OF BASEHOR, KANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received, and expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds and certain special revenue funds. Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds						
	Capital						Total Governmental Funds
	General Fund	Consolidated Highway Fund	Improvements Reserve Fund	Employee Benefit Fund	Bond and Interest Fund	Other Governmental Funds	
GAAP FUND BALANCE							
December 31, 2018	\$2,813,470	\$ 780,327	\$ 224,104	\$ 328,051	\$ 364,787	\$ 266,052	\$ 4,776,801
Unreserved fund balances not subject to the Kansas budget law:							
Municipal Equipment Reserve Fund	-	-	-	-	-	[46,713]	[46,713]
Glenwood Sewer Maintenance Fund	-	-	-	-	-	[76,318]	[76,318]
Adjustments:							
Municipal court receivable	[12,662]	-	-	-	-	-	[12,662]
Total deductions	[12,662]	-	-	-	-	[123,031]	[135,693]
BUDGETARY FUND BALANCE							
December 31, 2018	\$2,800,808	\$ 780,327	\$ 224,104	\$ 328,051	\$ 364,787	\$ 143,021	\$ 4,641,108

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CITY OF BASEHOR, KANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

	Major Business-Type Funds		
	Sewer Utility Fund	Solid Waste Utility Fund	Total Business-Type Funds
NET POSITION			
December 31, 2018	\$ 9,535,844	\$ 74,189	\$ 9,610,033
Adjustments:			
Capital assets, net	[13,749,508]	-	[13,749,508]
Receivables	[141,908]	[37,051]	[178,959]
Accrued interest	46,167	-	46,167
Accrued compensation	3,769	19,522	23,291
General obligation payable	6,289,786	-	6,289,786
Total deductions	[7,551,694]	[17,529]	[7,569,223]
BUDGETARY NET POSITION			
December 31, 2018	\$ 1,984,150	\$ 56,660	\$ 2,040,810

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. 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.

Investments. K.S.A. 12-1675 limits the City's investments 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 investments policy that would further limit its investment choices.

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

As of December 31, 2018, the City had the following investments and maturities:

Investment Type	Level 1	Rating	Weighted Average Maturity
Kansas Municipal Investment Pool	\$ 3,026,402	S&P AAA/S+1	1 Day

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The above investments are measured at the net asset value, have an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

The Kansas 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.

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

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

At December 31, 2018, the City's carrying amount of deposits was \$3,882,465 and the bank balance was \$4,335,785. Of the bank balance, \$991,615 was covered by federal depository insurance, and \$3,344,170 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

B. Receivables

Receivables at year end are as follows:

	General	Employee Benefit	Bond and Interest	Sewer Utility	Solid Waste Utility	Total
Receivables:						
Accounts	\$ 60	\$ -	\$ -	\$ 141,908	\$ 37,051	\$ 179,019
Taxes	1,457,859	643,431	254,719	-	-	2,356,009
Municipal court	12,662	-	-	-	-	12,662
Total	\$ 1,470,581	\$ 643,431	\$ 254,719	\$ 141,908	\$ 37,051	\$ 2,547,690

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Retirements	Balance 12/31/18
City governmental activities:				
Capital assets, not being depreciated				
Land	\$ 550,659	\$ -	\$ -	\$ 550,659
Construction in progress	265,122	2,312,733	-	2,577,855
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	23,670,024	1,049,918	22,600	24,697,342
Total capital assets	24,485,805	3,362,651	22,600	27,825,856
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	13,749,289	1,236,444	22,600	14,963,133
Total accumulated depreciation	13,749,289	1,236,444	22,600	14,963,133
Governmental activities capital assets, net	\$ 10,736,516	\$ 2,126,207	\$ -	\$ 12,862,723
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	28,692,156	26,995	7,475	28,711,676
Total capital assets	28,692,156	26,995	7,475	28,711,676
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	14,253,054	716,589	7,475	14,962,168
Total accumulated depreciation	14,253,054	716,589	7,475	14,962,168
Business-type activities capital assets, net	\$ 14,439,102	\$ [689,594]	\$ -	\$ 13,749,508

CITY OF BASEHOR, KANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

The City's depreciation expense was charged as follows:

Governmental Activities:	
General government	\$ 37,599
Public safety	81,780
Public works	536
Culture and recreation	11,272
Infrastructure	<u>1,105,257</u>
Total depreciation expense	<u>\$ 1,236,444</u>
Business-type Activities:	
Sewer utility	<u>\$ 716,589</u>
Total depreciation expense	<u>\$ 716,589</u>

D. Long-term Debt

During the year ended December 31, 2018, the following changes occurred in long term liabilities:

Government Fund Activities				Balance	Due Within
	Balance	Additions	Retirements	December 31, 2018	One Year
	January 1, 2018				
General obligation bonds	\$ 5,608,353	\$ -	\$ 925,514	\$ 4,682,839	\$ 943,699
General obligation bonds premium	249,984	-	22,154	227,830	-
Total general obligation bonds	5,858,337	-	947,668	4,910,669	943,699
Capital lease	13,400	-	8,300	5,100	2,700
	<u>\$ 5,871,737</u>	<u>\$ -</u>	<u>\$ 955,968</u>	<u>\$ 4,915,769</u>	<u>\$ 946,399</u>
Enterprise Fund Activities					
General obligation bonds	\$ 6,641,648	\$ -	\$ 704,486	\$ 5,937,162	\$ 721,301
General obligation bonds premium	378,578	-	25,954	352,624	-
Total general obligation bonds	<u>\$ 7,020,226</u>	<u>\$ -</u>	<u>\$ 730,440</u>	<u>\$ 6,289,786</u>	<u>\$ 721,301</u>

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds.

CITY OF BASEHOR, KANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

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

Governmental Activities	Date of Issuance	Date of Final Maturity	Interest Rate	Original Amount	Outstanding Amount
Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	\$ 3,415,000	\$ 10,350
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	9,345,884	2,328,892
Refunding, Series 2013	01/15/13	09/01/25	2.00%	3,480,000	1,460,000
Improvements, Series 2015	08/26/15	09/01/35	2.00-4.00%	995,000	883,597
				<u>\$ 17,235,884</u>	<u>\$ 4,682,839</u>

Business-type Activities

Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	\$ 1,058,650	\$ 4,650
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	4,175,000	2,086,108
Improvements, Series 2015	08/26/15	09/01/35	2.00-4.00%	300,000	286,404
Refunding, Series 2016	06/03/16	09/01/30	2.00-2.25%	4,095,000	3,580,000
				<u>\$ 9,628,650</u>	<u>\$ 5,937,162</u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending	Governmental activities		Business-type activities		Total
	December 31,	Principal	Interest	Principal	
2019	\$	943,699	\$	115,706	\$ 1,913,603
2020		505,238		91,789	1,275,851
2021		687,674		78,515	1,283,441
2022		175,311		64,951	756,701
2023		180,585		61,445	759,701
2024-2028		1,309,661		219,890	4,129,807
2029-2033		750,009		89,369	1,913,015
2034-2035		130,663		7,837	180,201
Total	\$	4,682,839	\$	729,501	\$ 12,212,318

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

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

IV. OTHER INFORMATION

A. 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 these risks of loss including related lost revenue. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of additional expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Retirement Plans

Description of Deferred Compensation Plan. All employees employed by the City are entitled to enroll, at the City Council's discretion, in a Deferred Compensation Plan, offered by Mass Mutual or such other insurance company that may offer a plan approved by the Kansas Legislature pursuant to K.S.A. 75-5522 et seq. and K.S.A. 75-5529 et seq. For all employees who enroll in the plan, excluding those participating in the Kansas Police and Firemen (KP&F) retirement plan, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The payroll for employees covered by the Plan was \$1,172,448. Total gross payroll was \$1,649,144. The contribution for the year ending December 31, 2018, was \$46,238 from employees and \$69,966 from employer.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Description of Pension Plan. The City also participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

Public employees, which includes:

- o State/School employees
- o Local employees
- o Police and Firemen
- o Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Kansas Police and Firemen (KP&F) group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Police and Firemen with twenty or more years of credited service, may retire as early as age 50, with an actuarially reduced monthly benefit. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Contributions. Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2018.

The actuarially determined employer contribution rates and the statutory contribution rates are as follows for the KPERS fiscal year ended June 30, 2018:

	Actuarial Employer Rate	Statutory Employer Capped Rate
Police and Firemen	20.09%	20.09%

Member contribution rates as a percentage of eligible compensation in fiscal year 2018 are 7.15% for Police and Firemen.

Employer Allocations. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of June 30, 2018, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended June 30, 2018.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At December 31, 2018, the City's proportion for the Police and Firemen group was 0.146%, which was an increase of .015% from its proportion measured at December 31, 2017.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Net Pension Liability. At December 31, 2018 and 2017, the City reported a liability of \$1,402,014 and \$1,230,371, respectively, for its total proportionate share of the net pension liability for the Police and Firemen groups.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions:

Assumptions	Rate
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50% to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset	Long-Term Allocation	Long-Term Expected Real Rate of Return
Global Equity	47.00%	6.85%
Fixed Income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real Return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	2.00%	-0.25%
	<u>100.00%</u>	

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

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

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
\$1,998,149	\$1,402,014	\$902,908

Pension Expense. For the year ended December 31, 2018, the City recognized pension expense of \$218,236, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 85,667	\$ 6,477
Net difference between projected and actual earnings on pension plan investments	36,488	3,870
Changes in assumptions	73,829	-
Changes in proportion	123,866	57,317
Total	\$ 319,850	\$ 67,664

\$72,741 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Year ended December 31,	Deferred	
	[Inflows]	Outflows
	Amount	
2019	\$ 118,628	
2020	75,885	
2021	18,547	
2022	31,885	
2023	7,241	
Total	\$ 252,186	

D. Interfund Transfers

A reconciliation of all operating transfers by fund type for 2018 follows:

From	To	Amount	Regulatory Authority
Sewer Utility	General	\$ 247,500	K.S.A. 12-825d
General	Municipal Equipment Reserve	91,200	K.S.A. 12-1,117
General	Bond and Interest	200,000	K.S.A. 12-197
Solid Waste Utility	Employee Benefit	20,815	K.S.A. 12-825d
Sewer Utility	Bond and Interest	202,627	K.S.A. 12-825d
		<u>\$ 762,142</u>	

The City uses interfund transfers to share administrative costs between funds.

E. Restricted Cash

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the \$2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donohoo Road, Hollingsworth Road and 147th Street). Of the \$449,194 of cash in the Consolidated Highway Fund as of December 31, 2018, \$331,133 was subject to this restriction.

F. Tax Abatements

Property Tax Abatements. Property tax abatements are authorized under K.S.A. 79-201a and subject to City policy. The City provides tax abatements to encourage business development within City limits. Tax abatements reduce ad valorem property taxes reduced by the City. To receive property tax abatements, an applicant must submit an application to the City Clerk and is subject to approval by the City Council. During the year ended December 31, 2018, the City had the following tax abatement agreement:

Company	Taxes Abated	Percentage Abated	Amount Abated in 2018	Agreement Expiration
Orscheln Farm and Home	Property tax	95%	\$ 16,099	2019

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

IV. OTHER INFORMATION (Continued)

F. Tax Abatements (Continued)

No other commitments were entered in to by the Company or the City as part of the agreement.

Neighborhood Revitalization Areas. The City had three neighborhood revitalization areas established during the year ended December 31, 2018. NRAs are established under K.S.A. 12-17,114 and subject to City policy. NRAs are provided to assist with spurring investment and revitalization of properties which can benefit a neighborhood and the general public. The program works by rebating a portion (95% for residential property improvements, 50% for commercial and industrial improvements) of the incremental increase in property taxes resulting from improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. To receive an NRA, individuals or businesses must submit an application to be reviewed by City staff and approved by the City Council. Applicants must also provide verification they are current on all real or personal property taxes. During the year ended December 31, 2018, the City paid \$41,156 to various homeowners under the neighborhood revitalization program.

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

G. Subsequent Events

On March 21, 2019, the City issued Series 2019-A General Obligation Improvement Bonds in the amount of \$2,105,000 and Series 2019-I General Obligation Temporary Notes in the amount of \$1,035,000. Proceeds of the bonds and notes will be used for certain public improvement projects within the City. The bonds carry an interest rate ranging from 1.70-2.35% and the notes carry an interest rate of 2.00%. The bonds mature on September 1, 2039 and the notes mature on October 1, 2019.

CITY OF BASEHOR, KANSAS

KP&F PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year ended December 31, 2018

Schedule of the City's Proportionate Share of the KP&F Net Pension Liability
Last Ten Fiscal Years*

	12/31/18	12/31/17	12/31/16	12/31/15
City's proportion of the net pension liability	0.146%	0.131%	0.142%	0.143%
City's proportionate share of the net pension liability	\$ 1,402,014	\$ 1,230,371	\$ 1,317,562	\$ 1,041,028
City's covered-employee payroll	\$ 694,849	\$ 662,996	\$ 662,996	\$ 634,065
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	201.77%	185.58%	198.73%	164.18%
Plan fiduciary net position as a percentage of the total pension liability	74.22%	72.15%	69.30%	74.60%

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

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

	12/31/18	12/31/17	12/31/16	12/31/15
Contractually required contribution	\$ 149,920	\$ 132,230	\$ 135,384	\$ 141,616
Contributions in relation to the contractually required contribution	149,920	132,230	135,384	141,616
Contribution deficiency [excess]	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 746,242	\$ 694,849	\$ 662,996	\$ 662,996
Contributions as a percentage of covered employee payroll	20.09%	19.03%	20.42%	21.36%

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

OFFICIAL BID FORM
 PROPOSAL FOR THE PURCHASE OF CITY OF BASEHOR, KANSAS
 GENERAL OBLIGATION BONDS, SERIES 2020-A

TO: Katherine M. Renn, Clerk
 City of Basehor, Kansas

March 4, 2020

For \$1,100,000* principal amount of General Obligation Bonds, Series 2020-A, of the City of Basehor, Kansas, to be dated March 26, 2020, as described in the Notice of Bond Sale dated February 20, 2020 (the "Notice"), said Bonds to bear interest as follows:

<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>
2021	\$100,000	_____ %	_____ %	2026	\$110,000	_____ %	_____ %
2022	105,000	_____ %	_____ %	2027	110,000	_____ %	_____ %
2023	105,000	_____ %	_____ %	2028	115,000	_____ %	_____ %
2024	110,000	_____ %	_____ %	2029	115,000	_____ %	_____ %
2025	110,000	_____ %	_____ %	2030	120,000	_____ %	_____ %

*Subject to change; see the Notice.

the undersigned will pay the purchase price for the Bonds set forth below, plus accrued interest to the date of delivery.

Principal Amount\$1,100,000.00*
 Less Discount (not to exceed \$11,000 or 1.0%).....- _____
 Plus Premium (if any) _____
 Total Purchase Price \$ _____

Total interest cost to maturity at the rates specified \$ _____
 Net interest cost (adjusted for Discount and/or Premium) \$ _____
 True Interest Cost _____ %

- The Bidder elects to purchase Municipal Bond Insurance from: [Assured] [AGM] [BAM] [_____]. Circle one or complete blank.
- The Bidder elects to have the following Term Bonds:

Maturity Date	Years	Amount*
September 1, ____	_____ to _____	\$ _____
September 1, ____	_____ to _____	\$ _____

*subject to mandatory redemption requirements in the amounts and at the times shown above.

This proposal is subject to all terms and conditions contained in the Notice, and if the undersigned is the Successful Bidder, the undersigned will comply with all of the provisions contained in the Notice. A cashier's or certified check or a wire transfer in the amount of \$22,000 payable to the order of the Issuer, submitted in the manner set forth in the Notice accompanies this proposal as an evidence of good faith. The acceptance of this proposal by the Issuer by execution below shall constitute a contract between the Issuer and the Successful Bidder for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission and a bond purchase agreement for purposes of the laws of the State of Kansas.

Submitted by: _____

(LIST ACCOUNT MEMBERS ON REVERSE)

By: _____
 Telephone No. (____) _____

ACCEPTANCE

Pursuant to action duly taken by the Governing Body of the City of Basehor, Kansas, the above proposal is hereby accepted on March 4, 2020.

Attest:

 Clerk

 Mayor

NOTE: No additions or alterations in the above proposal form shall be made, and any erasures may cause rejection of any bid. Sealed bids may be filed with the City of Basehor, Kansas c/o Baker Tilly Municipal Advisors, LLC, 300 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, facsimile bids may be filed with Baker Tilly Municipal Advisors, LLC, Fax No. (651) 223-3046 or electronic bids may be submitted via **PARITY**®, at or prior to 10:00 a.m. applicable Central Time, on March 4, 2020. Any bid received after such time will not be accepted.

* Preliminary; subject to change.