

NOTICE OF SPECIAL MEETING

TO THE MEMBERS OF THE GOVERNING BODY OF THE CITY OF BASEHOR, KANSAS:

You are hereby notified that I have called and do hereby call a special meeting of the governing body of the City of Basehor, Kansas (the "Issuer"), to be held at Basehor City Hall, 2620 North 155th Street, Basehor, Kansas, 66007 on August 6, 2012, at 6:00 p.m., for the purpose of:

1. Acting on the Ordinance of said Issuer authorizing and directing the issuance, sale and delivery of General Obligation Refunding and Improvement Bonds, Series 2012 (the "Bonds"), of the Issuer and transacting such further business as may come before said meeting.
2. Acting on the Resolution of said Issuer prescribing the form and details of General Obligation Refunding and Improvement Bonds, Series 2012 (the "Bonds"), of the Issuer and transacting such further business as may come before said meeting.
3. Hold a Public Hearing for the 2013, City of Basehor Operating Budget.
4. Consideration of the 2013, City of Basehor Operating Budget.
5. Executive Session; if needed.

DATED: August 1, 2012.



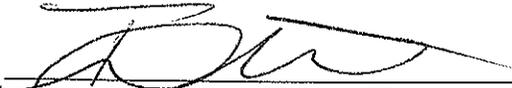
David K. Breuer, Mayor

CONSENT TO MEETING

We, the undersigned, being all the members of the Governing Body of the City of Basehor, Kansas, hereby accept service of the foregoing notice, waiving any and all irregularities

in such service and in such notice and consent and agree that said Governing Body shall meet at the time and place therein specified and for the purposes therein stated.

DATED: August 1, 2012.



Travis Miles



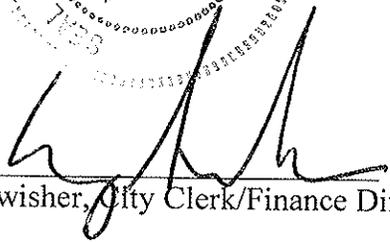
Richard Drennon

Vernon Fields

Brian D. Healy



Ty Garver

Attest/Seal: 


Corey Swisher, City Clerk/Finance Director

ORDINANCE NO. 616

OF

THE CITY OF BASEHOR, KANSAS

PASSED

AUGUST 6, 2012

**GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2012**

ORDINANCE NO. 616

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2012, OF THE CITY OF BASEHOR, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

WHEREAS, the City of Basehor, Kansas (the "City") is a city of the third class, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, the City of Basehor, Kansas (the "Issuer"), has heretofore authorized certain internal improvements described as follows (collectively, the "Improvements"):

| <u>Project Description</u> | <u>Ord./Res. No.</u> | <u>Authority</u> | <u>Amount</u> |
|--|-----------------------|---|---------------------|
| Wolf Creek Parkway | Res. 2012-07 | K.S.A. 12-685 <i>et seq.</i> | \$1,500,000 |
| Sewer System Improvements | Res. 2012-14 | Charter Ordinance No. 25 K.S.A. 12-6a01 <i>et seq.</i> | \$8,110,368 |
| 155 th Street Improvement District – Street | Res. 2008-08/Ord. 612 | K.S.A. 12-6a01 <i>et seq.</i> | \$937,500 |
| Basehor Boulevard Improvement District – Street, Water and Sewer | Res. 2008-07/Ord. 612 | | \$2,285,200 |
| Total: | | | \$12,833,068 |

WHEREAS, the Issuer has arranged for financing of a portion of the Improvements consisting of the Wolf Creek Parkway and Sewer System Improvements by the execution of certain loan agreements described as follows:

| <u>Lender</u> | <u>Loan No.</u> | <u>Dated Date</u> | <u>Maturity Date</u> | <u>Original Amount</u> | <u>Outstanding Amount</u> | <u>Redemption Date*</u> |
|---------------|-----------------------|-------------------|----------------------|------------------------|---------------------------|-------------------------|
| KDHE | KWPCRF C20 1463 01 | 09-22-1998 | 03-01-2020 | \$8,110,368.00 | \$4,687,768.89 | 08-24-2012 |
| KDOT | TRF 0125 | 08-18-2009 | 08-01-29 | \$1,500,000.00 | \$1,390,947.44 | 08-24-2012 |

* or as soon thereafter as possible

(the "Loans"); and

WHEREAS, the Issuer desires to issue its general obligation bonds in order to permanently finance the costs of such Improvements and to retire the following temporary notes of the Issuer, which were issued to temporarily finance a portion of the costs of the Improvements consisting of the 155th Street Improvement District and the Basehor Boulevard Improvement District (the "Series 2010-1 Note"):

| <u>Series</u> | <u>Dated Date</u> | <u>Maturity Date</u> | <u>Original Amount</u> | <u>Outstanding Amount</u> | <u>Redemption Amount</u> | <u>Redemption Date</u> |
|---------------|-----------------------|--------------------------|----------------------------|-------------------------------|------------------------------|----------------------------|
| 2010-1 | 8/15/2010 | 9/1/2012 | \$3,460,000 | \$3,460,000 | \$3,460,000 | 9/1/2012 |

; and

WHEREAS, the Issuer proposes to issue its general obligation bonds to permanently finance the costs of the Improvements and to retire the Loans and the Series 2010-1 Note; and

WHEREAS, all legal requirements pertaining to the Improvements have been complied with, and the governing body of the City now finds and determines that the total cost of the Improvements (including interest on the Series 2010-1 Note and issuance costs of the Bonds) and related expenses are at least \$9,310,000, with \$_____ of said cost to be paid by the owners of the property within the City benefited by the Improvements and with \$_____ of said cost to be paid by the City at large, and that the owners of the property benefited by the Improvements have paid \$_____ in cash into the City Treasury on account of the Improvements and there is \$_____ available in the City Treasury to pay part of said cost, leaving \$9,310,000 to be paid for by the issuance of general obligation bonds; and

WHEREAS, the governing body of the City is authorized by law to issue general obligation bonds of the City to pay a portion of the costs of the Improvements; and

WHEREAS, the governing body of the City has advertised the sale of the Bonds in accordance with the law and at a meeting held in the City on this date awarded the sale of such Bonds to the best bidder.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF BASEHOR, KANSAS, AS FOLLOWS:

Section 1. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms in this Ordinance shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

"Act" means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 12-6a01 *et seq.*, K.S.A. 12-685, Charter Ordinance No. 25, all as amended and supplemented from time to time.

"Bond and Interest Fund" means the Bond and Interest Fund of the City for its general obligation bonds.

"Bond Resolution" means the resolution to be adopted by the governing body of the City prescribing the terms and details of the Bonds and making covenants with respect thereto.

"Bonds" means the City's General Obligation Refunding and Improvement Bonds, Series 2012, dated August 23, 2012, authorized by this Ordinance.

“City” means the City of Basehor, Kansas.

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

“KDHE” means the Kansas Department of Health and Environment.

“KDOT” means the Kansas Department of Transportation.

“Loans” means collectively: (a) KDHE Loan KWPCRF between the City and KDHE dated September 22, 1998, maturing March 1, 2020 in the aggregate outstanding principal amount of \$4,687,768.89 and (b) KDOT Loan TRF 0125 between the City and KDOT dated August 18, 2009, maturing August 1, 2029 in the aggregate outstanding principal amount of \$1,275,074.89.

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

“Ordinance” means this Ordinance authorizing the issuance of the Bonds.

“Refunded Note” means the Series 2010-1 Note.

“Series 2010-1 Note” means the Issuer's General Obligation Temporary Notes, Series 2010-1, dated August 15, 2010 in the original principal amount of \$3,460,000.

“State” means the State of Kansas.

Section 2. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Refunding and Improvement Bonds, Series 2012, of the City in the principal amount of \$9,310,000, for the purpose of providing funds to: (a) refund the Loans, (b) retire a portion of the Refunded Note, and (c) pay costs of issuance of the Bonds.

Section 3. Security for the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of the Improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 4. Terms, Details and Conditions of the Bonds. The Bonds shall be dated and bear interest, shall mature and be payable at such times, shall be in such forms, shall be subject to redemption and payment prior to the maturity thereof, and shall be issued and delivered in the manner prescribed and subject to the provisions, covenants and agreements set forth in the Bond Resolution hereafter adopted by the governing body of the City.

Section 5. Levy and Collection of Annual Tax. 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 levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the City in the manner provided by law.

The taxes and/or assessments above referred to 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 general ad valorem taxes of the City are levied and collected, shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent. The proceeds derived from said taxes and/or assessments shall be deposited in the Bond and Interest Fund.

If at any time said taxes and/or assessments are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes and/or assessments are collected.

Section 6. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 7. Governing Law. This Ordinance and the Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 8. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City, approval by the Mayor and publication in the official City newspaper.

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PASSED by the governing body of the City on August 6, 2012 and **APPROVED AND SIGNED** by the Mayor.

(SEAL)

Mayor

ATTEST:

Clerk

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RESOLUTION NO. 2012-17

OF

THE CITY OF BASEHOR, KANSAS

ADOPTED

AUGUST 6, 2012

**GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2012**

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RESOLUTION NO. 2012-_____

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2012, OF THE CITY OF BASEHOR, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. _____ OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the Issuer has heretofore passed the Ordinance authorizing the issuance of the Bonds; and

WHEREAS, the Ordinance authorized the governing body of the Issuer to adopt a resolution prescribing certain details and conditions and to make certain covenants with respect to the issuance of the Bonds; and

WHEREAS, the governing body of the Issuer has advertised the sale of the Bonds in accordance with the law and at a meeting held in the City on this date, awarded the sale of such Bonds to the lowest bidder; and

WHEREAS, the governing body of the Issuer hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Bonds in the principal amount of \$9,310,000 to pay a portion of the costs of the Improvements and to refund the Refunded Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF BASEHOR, KANSAS, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms as used in this Bond Resolution shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 12-6a01 *et seq.*, K.S.A. 12-685, Charter Ordinance No. 25, all as amended and supplemented from time to time.

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

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

“Bond and Interest Fund” means the Bond and Interest Fund of the Issuer for its general obligation bonds.

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

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

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

“Bond Registrar” means the State Treasurer, and any successors and assigns.

“Bond Resolution” means this resolution relating to the Bonds.

“Bonds” means the General Obligation Refunding and Improvement Bonds, Series 2012, authorized and issued by the Issuer pursuant to the Ordinance and this Bond Resolution.

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

“Cede & Co.” means Cede & Co., as nominee of DTC and any successor nominee of DTC.

“City” means the City of Basehor, Kansas.

“Clerk” means the duly appointed and/or elected Clerk or, in the Clerk's absence, the duly appointed Deputy Clerk or Acting Clerk of the Issuer.

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

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

“Costs of Issuance Account” means the Costs of Issuance Account for General Obligation Refunding and Improvement Bonds, Series 2012 created pursuant to *Section 501* hereof.

“Dated Date” means August 23, 2012.

“Debt Service Account” means the Debt Service Account for General Obligation Refunding and Improvement Bonds, Series 2012 created within the Bond and Interest Fund pursuant to *Section 501* hereof.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

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

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

(6) the obligations are rated in the highest rating category by Moody's (presently “Aaa”) or Standard & Poor's (presently “AAA”).

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

“Disclosure Instructions” means the Continuing Disclosure Instructions dated as of the Issue Date, attached to the Issuer's Closing Certificate, relating to certain obligations contained in the SEC Rule.

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

“DTC Representation Letter” means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides for a book-entry system, or any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.

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

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

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

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

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

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

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

“Funds and Accounts” means funds and accounts created pursuant to or referred to in *Section 501* hereof.

“Improvements” means the improvements referred to in the preamble to the Ordinance.

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

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Bond which shall be March 1 and September 1 of each year, commencing March 1, 2013.

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

“Issuer” means the City of Basehor, Kansas and any successors or assigns.

“KDHE” means the Kansas Department of Health and Environment.

“KDOT” means the Kansas Department of Transportation.

“Loans” means collectively: (a) KDHE Loan KWPCRF between the City and KDHE dated September 22, 1998, maturing March 1, 2020 in the aggregate outstanding principal amount of \$4,687,768.89 and (b) KDOT Loan TRF 0125 between the City and KDOT dated August 18, 2009, maturing August 1, 2029 in the aggregate outstanding principal amount of \$1,275,074.89.

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

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

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

“Notice Address” means with respect to the following entities:

(a) To the Issuer at:

City of Basehor, Kansas
2620 North 155th Street
Basehor, Kansas
Fax: (913) 724-3388

(b) To the Paying Agent at:

State Treasurer of the State of Kansas
Landon Office Building
900 Southwest Jackson, Suite 201
Topeka, Kansas 66612-1235
Fax: (785) 296-6976

(c) To the Purchaser:

Fax:

(d) To the Rating Agency:

Standard & Poor's, a division of
The McGraw-Hill Companies
55 Water Street, 38th Floor
New York, New York 10004

or such other address as is furnished in writing to the other parties referenced herein.

“Notice Representative” means:

- (a) With respect to the Issuer, the Clerk.
- (b) With respect to the Bond Registrar and Paying Agent, the Director of Bond.
- (c) With respect to any Purchaser, the manager of its Municipal Bond Department.
- (d) With respect to any Rating Agency, any Vice President thereof.

“Official Statement” means Issuer’s Official Statement, dated August ____, 2012, relating to the Bonds.

“Ordinance” means Ordinance No. _____ of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

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

- (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of *Section 701* hereof; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

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

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Paying Agent” means the State Treasurer, and any successors and assigns.

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units

of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by applicable state law.

“Person” means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Purchase Price” means the principal amount of the Bonds plus accrued interest to the date of delivery[, plus a premium of \$ _____][, less an underwriting discount of \$ _____][, less an original issue discount of \$ _____]].

“Purchaser” means _____, , the original purchaser of the Bonds, and any successor and assigns.

“Rating Agency” means any company, agency or entity that provides, pursuant to request of the Issuer, financial ratings for the Bonds.

“Rebate Fund” means the Rebate Fund for General Obligation Refunding and Improvement Bonds, Series 2012 created pursuant to *Section 501* hereof.

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

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

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

“Refunded Note” means a portion of the Series Note 2010-1 maturing September 1, 2012.

“Refunded Note Paying Agent” means the paying agent for the Refunded Note as designated in the Refunded Note Resolution, and any successor or successors at the time acting as paying agent of the Refunded Note.

“Loans Redemption Date” means September 1, 2012.

“Refunded Note Redemption Date” means August 24, 2012.

“Redemption Fund for Loans” means the Redemption Fund for Loans created pursuant to *Section 501* hereof.

“Redemption Fund for Refunded Note” means the Redemption Fund for Refunded Note created pursuant to *Section 501* hereof.

“Refunded Note Resolution” means the resolution which authorized the Refunded Note.

“Replacement Bonds” means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 210* hereof.

“SEC Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time.

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

“Series 2010-1 Note” means the Issuer's General Obligation Temporary Notes, Series 2010-1, dated August 15, 2010 in the original principal amount of \$3,460,000.

“Special Record Date” means the date fixed by the Paying Agent pursuant to *Section 204* hereof for the payment of Defaulted Interest.

“Standard & Poor's” means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer .

“State” means the state of Kansas.

“State Treasurer” means the duly elected Treasurer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the State.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

[**“2032 Term Bonds”** means the Bonds scheduled to mature in the year 2032.]

[**“Term Bonds”** means collectively, the _____ Term Bonds and the 2032 Term Bonds.]

“Treasurer” means the duly appointed and/or elected Treasurer of the Issuer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of the Bonds. The Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$9,310,000, for the purpose of providing funds to: (a) refund the Loans, (b) retire the Refunded Note, and (c) pay Costs of Issuance.

Section 202. Description of the Bonds. The Bonds shall consist of fully registered bonds in an Authorized Denomination, and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof, and shall bear interest at the rates per annum as follows:

SERIAL BONDS

| <u>Stated Maturity</u> <u>September 1</u> | <u>Principal</u> <u>Amount</u> | <u>Annual Rate</u> <u>of Interest</u> | <u>Stated Maturity</u> <u>September 1</u> | <u>Principal</u> <u>Amount</u> | <u>Annual Rate</u> <u>of Interest</u> |
|--|-----------------------------------|--|--|-----------------------------------|--|
| 2013 | \$ _____ | _____ % | | \$ _____ | _____ % |

2032

[TERM BONDS

| <u>Stated Maturity</u> <u>September 1</u> | <u>Principal</u> <u>Amount</u> | <u>Annual Rate</u> <u>of Interest</u> |
|--|-----------------------------------|--|
| 2032 | \$ _____ | _____ %] |

The Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in *Section 204* hereof.

Each of the Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as *EXHIBIT A* or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

Section 203. Designation of Paying Agent and Bond Registrar. The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. The Mayor of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Bonds.

The Issuer will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Bond Registrar by (a) filing with the Paying Agent or Bond Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Bond Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Bond Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Bond Registrar.

Every Paying Agent or Bond Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.

Section 204. Method and Place of Payment of the Bonds. The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

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

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

Notwithstanding the foregoing provisions of this Section, 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 in this paragraph. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. 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 promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and at least annually shall forward a copy or summary of such records to the Issuer.

Section 205. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 206. Registration, Transfer and Exchange of Bonds. The Issuer covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds provided for by this Bond Resolution and the cost of 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, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Code § 3406, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Section 303** hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof.

The Issuer and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute Owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Owner or upon the Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or

more in principal amount of the Bonds then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Bond Registrar.

Section 207. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Clerk, and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Clerk, which registration shall be evidenced by the manual or facsimile signature of the Clerk with the seal of the Issuer affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Bond Registrar for authentication.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as *EXHIBIT A* hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

Section 208. Mutilated, Lost, Stolen or Destroyed Bonds. If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Paying Agent may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the Issuer, and shall be entitled to all the benefits of this Bond Resolution equally and ratably with all other Outstanding Bonds.

Section 209. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

Section 210. Book-Entry Bonds; Securities Depository. The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

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

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

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

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Bond Registrar shall authenticate and cause delivery of

Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

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

Section 211. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay, without liability for interest thereon, to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 212. Preliminary and Final Official Statement. For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the Issuer are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of such Rule.

The Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor and chief financial officer of the Issuer are hereby authorized to execute the Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(3) and (4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 213. Sale of the Bonds. The sale of the Bonds to the Purchaser is hereby ratified and confirmed. The Mayor and Clerk are hereby authorized to execute the official bid form submitted by the Purchaser. Delivery of the Bonds shall be made to the Purchaser on the Issue Date (which shall be as soon as practicable after the adoption of this Bond Resolution), upon payment of the Purchase Price.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, Bonds maturing on September 1 in the years 2021, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on September 1, 2020, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

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

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

*Final Maturity

[(b) 2032 *Term Bonds.*] The 2032 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in *Article IV* hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on September 1 in each year, the following principal amounts of such 2032 Term Bonds:

| <u>Principal Amount</u> | <u>Year</u> |
|-------------------------|-------------|
| \$ | |
| | 2032* |

*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the Issuer may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the Issuer under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Issuer to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity as designated by the Issuer, and the principal amount of Term Bonds to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the Issuer intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the Issuer will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.]

Section 302. Selection of Bonds to be Redeemed. Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine. Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in a minimum Authorized Denomination of principal amount in such equitable manner as the Bond Registrar may determine.

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

Section 303. Notice and Effect of Call for Redemption. In the event the Issuer desires to call the Bonds for redemption prior to maturity, written notice of such intent shall be provided to the Bond Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Bond Registrar shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Bond Registrar at least 45 days prior to the Redemption Date of written instructions of the Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. [The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Term Bonds hereunder, and Term Bonds shall be called by the Paying Agent for redemption pursuant to such

mandatory redemption requirements without the necessity of any action by the Issuer and whether or not the Paying Agent holds moneys available and sufficient to effect the required redemption.]

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

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent.

The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date.

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

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been surrendered for redemption shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Instructions. Further notice may be given by the Issuer or the Bond Registrar on behalf of the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed:

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least one day before the mailing of notice to Owners by first class, registered or certified mail or overnight delivery, as determined by the Bond Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Each check or other transfer of funds issued for the payment of the Redemption Price of Bonds being redeemed shall bear or have enclosed the CUSIP number of the Bonds being redeemed with the proceeds of such check or other transfer.

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

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for the Bonds. The Bonds shall be general obligations of the Issuer payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of the Improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 402. Levy and Collection of Annual Tax; Transfer to Debt Service Account. The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes and/or assessments referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be 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.

If at any time said taxes and/or assessments are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

ARTICLE V

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

Section 501. Creation of Funds and Accounts. Simultaneously with the issuance of the Bonds, there shall be created within the Treasury of the Issuer the following Funds and Accounts:

- (a) Redemption Fund for Refunded Note;
- (b) Redemption Fund for Loans;
- (c) Debt Service Account for General Obligation Refunding and Improvement Bonds, Series 2012 (within the Bond and Interest Fund);
- (d) Rebate Fund for General Obligation Refunding and Improvement Bonds, Series 2012;
and
- (e) Costs of Issuance Account for General Obligation Refunding and Improvement Bonds, Series 2012.

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

Section 502. Deposit of Bond Proceeds and Other Moneys. The net proceeds received from the sale of the Bonds and certain other funds shall be deposited simultaneously with the delivery of the Bonds as follows:

- (a) All accrued interest and premium, if any, received from the sale of the Bonds shall be deposited in the Debt Service Account.
- (b) The sum of \$_____ shall be deposited in the Costs of Issuance Account.
- (c) The sum of \$_____ shall be deposited into the Redemption Fund for Loans.

(d) The sum of \$ _____ shall be deposited into the Redemption Fund for Refunded Note.

(e) In addition to proceeds of the Bonds, the Issuer will deposit into the Redemption Fund for Refunded Note the amount of \$ _____, representing special assessments paid in cash for the Improvements and any funds remaining from the Series 2010-1 Notes and any funds held by the Issuer to pay debt service on the Loans.

Section 502. Application of Moneys in the Redemption Fund for Loans Moneys in the Redemption Fund for Loans shall be used for the sole purpose of retiring the Refunded Note. Any moneys remaining in the Redemption Fund for Loans not needed to retire the Loans shall be transferred to the Debt Service Account.

Section 503. Application of Moneys in the Redemption Fund for Refunded Note. Moneys in the Refunded Note Redemption Fund shall be paid and transferred to the Refunded Note Paying Agent, with irrevocable instructions to apply such amount to the payment of the Refunded Note on the Refunded Note Redemption Date. The Refunded Note issued to temporarily finance the costs of the Improvements pending the issuance of the Bonds are hereby called for redemption and payment. Any moneys remaining in the Refunded Note Redemption Fund not needed to retire the Refunded Note shall be transferred to the Debt Service Account.

Section 504. Application of Moneys in Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Bond Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account after the retirement of the Bonds shall be transferred and paid into the Bond and Interest Fund.

Section 505. Application of Moneys in the Rebate Fund.

(a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax Certificate), for payment to the United States of America, and neither the Issuer nor the Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and the Federal Tax Certificate.

(b) The Issuer shall periodically determine the arbitrage rebate, if any, under Code § 148(f) in accordance with the Federal Tax Certificate, and the Issuer shall make payments to the United States of

America at the times and in the amounts determined under the Federal Tax Certificate. Any moneys remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount, or provision made therefor, shall be deposited into the Bond and Interest Fund.

(c) Notwithstanding any other provision of this Bond Resolution, including in particular *Article VII* hereof, the obligation to pay arbitrage rebate to the United States of America and to comply with all other requirements of this Section and the Federal Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Section 506. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the Issuer; or (b) if no such entity has a main or branch office located in the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositories shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

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

Section 507. Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be transferred to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

Section 601. Remedies. The provisions of the Bond Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer and the Owners of the Bonds. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

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

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

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

Section 602. Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bonds.

Section 603. Remedies Cumulative. No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Bonds by this Bond Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the Issuer and the Owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of

the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with *Section 303* of this Bond Resolution. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Bond Resolution.

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants. The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Mayor and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Section 802. Survival of Covenants. The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to *Article VII* hereof or any other provision of this Bond Resolution until such time as is set forth in the Federal Tax Certificate.

ARTICLE IX

CONTINUING DISCLOSURE REQUIREMENTS

Section 901. Disclosure Requirements. The Mayor and Clerk are hereby authorized and directed to execute the Disclosure Instructions in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Instructions, which are incorporated herein by reference. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

Section 902. Failure to Comply with Continuing Disclosure Requirements. In the event the Issuer fails to comply in a timely manner with its covenants contained in the preceding section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such

written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. Notwithstanding any other provision of this Bond Resolution, failure of the Issuer to comply with its covenants contained in the preceding section shall not be considered an Event of Default under this Bond Resolution.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 1001. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner. As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Bond Resolution, the Issuer shall promptly cure such deficiency.

Section 1002. Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

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

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to conform this Bond Resolution to the Code or future

applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

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

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

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

Section 1003. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Bond Resolution, Bonds owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Bond Resolution, except that, in determining whether the Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Owners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer.

Section 1004. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

Section 1005. Electronic Transactions. The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

Section 1006. Further Authority. The officers and officials of the Issuer, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Bond Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 1007. Severability. If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

Section 1008. Governing Law. This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1009. Effective Date. This Bond Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

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ADOPTED by the governing body of the Issuer on August 6, 2012.

(SEAL)

Mayor

ATTEST:

Clerk

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EXHIBIT A
(FORM OF BONDS)

REGISTERED
NUMBER __

REGISTERED
\$

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA
STATE OF KANSAS
CITY OF BASEHOR
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND
SERIES 2012

| | | | |
|-----------------|-----------------|------------------------------|---------------|
| Interest | Maturity | Dated | CUSIP: |
| Rate: | Date: | Date: August 23, 2012 | |

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Basehor, State of Kansas (the “Issuer”), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on March 1 and September 1 of each year, commencing March 1, 2013 (the “Interest Payment Dates”), until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”). The interest payable on this Bond on any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the

calendar month next preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner 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 electronic transfer to such Owner upon written notice given to the Bond Registrar by such Registered 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 Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Bond Resolution.

Authorization of Bonds. This Bond is one of an authorized series of Bonds of the Issuer designated "General Obligation Refunding and Improvement Bonds, Series 2012," aggregating the principal amount of \$9,310,000 (the "Bonds") issued for the purposes set forth in the Ordinance of the Issuer authorizing the issuance of the Bonds and the Resolution of the Issuer prescribing the form and details of the Bonds (collectively, the "Bond Resolution"). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 12-6a01 *et seq.*, K.S.A. 12-685, Charter Ordinance No. 25, all as amended and supplemented from time to time, and all other provisions of the laws of the State of Kansas applicable thereto.

General Obligations. The Bonds constitute general obligations of the Issuer payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of certain Improvements (as said term is described in the Bond Resolution) and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer, the balance being payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby pledged for the payment of the principal of and interest on this Bond and the issue of which it is a part as the same respectively become due.

Redemption Prior to Maturity. The Bonds are subject to redemption prior to maturity, as follows:

Optional Redemption. At the option of the Issuer, Bonds maturing on September 1 in the years 2021, and thereafter, will be subject to redemption and payment prior to maturity on September 1, 2020, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

[Mandatory Redemption. Each of the Bonds maturing on September 1, [____], [____] and] 2032 shall also be subject to mandatory redemption and payment prior to maturity pursuant to the redemption schedule set forth in the Bond Resolution at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.]

Redemption Denominations. Whenever the Bond Registrar is to select Bonds for the purpose of redemption, it shall, in the case of Bonds in denominations greater than a minimum Authorized Denomination, if less than all of the Bonds then Outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such Bond as though it were a separate Bond in the denomination of a minimum Authorized Denomination.

Notice of Redemption. Notice of redemption, unless waived, shall be given by the Issuer to the State Treasurer of Kansas, and to the Purchaser of the Bonds and to the Bond Registrar in accordance with the Bond Resolution. The Issuer shall cause the Bond Registrar to notify each Registered Owner at the address maintained on the Bond Register, such notice to be given by mailing an official notice of redemption by first class mail at least 30 days prior to the redemption date. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer defaults in the payment of the redemption price), such Bonds or portions of Bonds shall cease to bear interest.

Book-Entry System. The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Resolution. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Bond Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Bond Registrar and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE BOND RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Bond, together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond or Bonds in any Authorized Denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Issuer shall

pay all costs incurred in connection with the issuance, payment and initial registration of the Bonds and the cost of a reasonable supply of bond blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issued in fully registered form in Authorized Denominations.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Bond Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk, and its seal to be affixed hereto or imprinted hereon.

CITY OF BASEHOR, KANSAS

[(Facsimile Seal)]

By: _____ (facsimile)
Mayor

ATTEST:

By: _____ (facsimile)
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of General Obligation Refunding and Improvement Bonds, Series 2012, of the City of Basehor, Kansas, described in the within-mentioned Bond Resolution.

Registration Date _____

Office of the State Treasurer,
Topeka, Kansas,
as Bond Registrar and Paying Agent

By _____

Registration Number _____

CERTIFICATE OF CLERK

STATE OF KANSAS)
) SS.
COUNTY OF LEAVENWORTH)

The undersigned, Clerk of the City of Basehor, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of August 23, 2012.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____ (facsimile)
Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

RON ESTES, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in the office of the State Treasurer, and that this Bond was registered in such office according to law on _____.

WITNESS my hand and official seal.

(Seal)

By: _____
Treasurer of the State of Kansas

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Bonds:

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

(PRINTED LEGAL OPINION)

BOND ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identification No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$_____, standing in the name of the undersigned on the books of the Bond Registrar. The undersigned do(es) hereby irrevocably constitute and appoint _____ as agent to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or
Taxpayer Identification No.

Signature (Sign here exactly as name(s)
appear on the face of Certificate)

Signature guarantee:

By _____

2013 PROPOSED BUDGET CITY OF BASEHOR, KS



Prepared for:

The Basehor City Council

David K. Breuer, Mayor

Travis Miles, Council President

Dick Drennon, Council Member

Vernon Fields, Council Member

Ty Garver, Council Member

Brian Healy, Council Member

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CITY OF BASEHOR ORGANIZATIONAL CHART

Basehor Residents

Mayor

City Council
(5)

Planning
Commission
(7)

Park Board
(4)

City Administrator

Planning &
Zoning

Public Works

Clerk/Finance

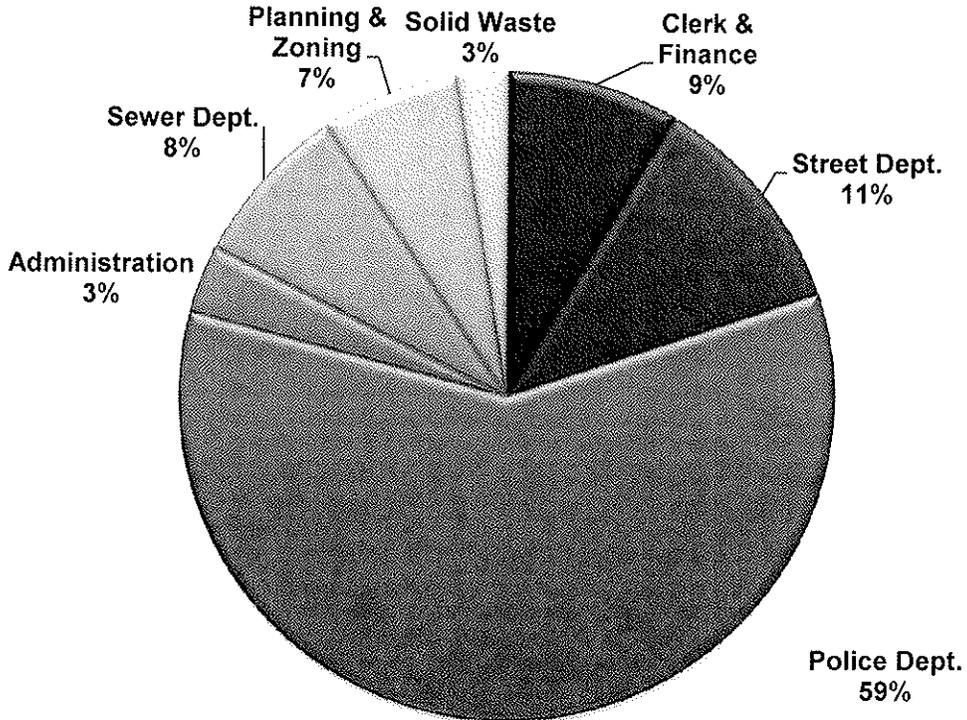
Police



2013 BUDGET DEPARTMENTAL PERSONNEL ALLOCATIONS

| Account No. | Department | 2011 FTE | 2012 FTE | 2013 FTE |
|---------------|-------------------|--------------|--------------|--------------|
| 01-001 | Clerk & Finance | 2.00 | 2.50 | 2.50 |
| 01-002 | Street Dept. | 3.50 | 3.35 | 3.35 |
| 01-003 | Governing Body | 0.00 | 0.00 | 0.00 |
| 01-004 | Police Dept. | 17.50 | 17.50 | 17.50 |
| 01-007 | Administration | 2.00 | 1.00 | 1.00 |
| 05-009 | Sewer Dept. | 2.40 | 2.40 | 2.40 |
| 01-017 | Planning & Zoning | 2.00 | 2.00 | 2.00 |
| 09-701 | Solid Waste | 0.6 | 0.75 | 0.75 |
| Totals | | 30.00 | 29.50 | 29.50 |

FTE = Full Time Equivalent



OPERATING FUNDS BEGINNING CASH BALANCE

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General | \$419,077 | \$155,776 | \$172,333 | \$314,079 | \$515,989 |
| Special Parks and Rec | \$159,898 | \$166,804 | \$121,554 | \$121,307 | \$93,403 |
| Consolidated Highway | \$1,726,181 | \$1,920,341 | \$1,294,201 | \$2,020,285 | \$2,090,995 |
| Capital Improvement | \$1,346,875 | \$52,023 | \$1,256,286 | \$1,343,996 | \$1,390,696 |
| Municipal Equipment Reserve | \$286,227 | \$321,272 | \$320,722 | \$321,272 | \$382,280 |
| Bond and Interest | \$81,613 | \$35,043 | \$277,086 | \$404,894 | \$647,962 |
| Sewer | \$464,249 | \$404,640 | \$430,202 | \$717,426 | \$607,809 |
| Solid Waste | \$71,534 | \$88,375 | \$98,602 | \$72,993 | \$76,492 |
| Cedar Lake Maintenance | \$23,442 | \$26,689 | \$9,209 | \$10,321 | \$1,341 |
| Sewer District #3 Maintenance | \$0 | \$0 | \$0 | \$9,403 | \$9,528 |
| Employee Benefit | \$0 | \$1 | \$1,392 | \$48,282 | \$92,334 |
| Total Beginning Cash | \$4,579,096 | \$3,170,963 | \$3,981,586 | \$5,384,259 | \$5,908,829 |

OPERATING FUNDS EXPENSES

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General | \$2,038,857 | \$1,719,861 | \$1,867,561 | \$1,684,090 | \$2,494,273 |
| Special Parks and Rec | \$2,570 | \$60,400 | \$25,000 | \$40,000 | \$47,500 |
| Consolidated Highway | \$244,916 | \$276,014 | \$715,000 | \$348,000 | \$890,000 |
| Capital Improvement | \$399,976 | -\$1,687 | \$0 | \$15,000 | \$20,000 |
| Municipal Equipment Reserve | \$15,044 | \$89,119 | \$8,840 | \$8,840 | \$84,884 |
| Bond and Interest | \$531,121 | \$654,024 | \$702,234 | \$605,394 | \$1,528,997 |
| Sewer | \$1,179,231 | \$1,421,662 | \$1,379,625 | \$1,372,997 | \$1,397,071 |
| Solid Waste | \$155,370 | \$266,966 | \$280,897 | \$282,499 | \$292,258 |
| Cedar Lake Maintenance | \$26,442 | \$36,384 | \$40,000 | \$40,000 | \$40,000 |
| Sewer District #3 Maintenance | \$0 | \$0 | \$33,000 | \$33,000 | \$33,000 |
| Employee Benefit | \$0 | \$466,982 | \$489,630 | \$461,502 | \$554,382 |
| Total Annual Expenditures | \$4,593,527 | \$4,989,724 | \$5,541,788 | \$4,891,322 | \$7,382,365 |

OPERATING FUNDS REVENUE

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|------------------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| General | \$1,805,451 | \$1,865,466 | \$1,731,929 | \$1,886,000 | \$1,978,284 |
| Special Parks and Recreation | \$9,476 | \$14,903 | \$10,646 | \$10,646 | \$12,539 |
| Consolidated Highway | \$439,076 | \$394,921 | \$451,410 | \$418,710 | \$426,020 |
| Capital Improvement | \$290,548 | \$52,023 | \$66,100 | \$61,700 | \$63,800 |
| Municipal Equipment Reserve | \$69,372 | \$69,835 | \$69,868 | \$69,848 | \$72,658 |
| Bond and Interest | \$486,551 | \$1,021,871 | \$640,993 | \$848,461 | \$881,035 |
| Sewer | \$1,012,427 | \$1,785,322 | \$1,243,162 | \$1,263,380 | \$1,276,830 |
| Solid Waste | \$177,381 | \$270,985 | \$279,233 | \$285,998 | \$293,513 |
| Cedar Lake Maintenance | \$9,712 | \$20,015 | \$31,020 | \$31,020 | \$40,000 |
| Sewer District #3 | \$0 | \$9,400 | \$33,000 | \$33,125 | \$33,125 |
| Employee Benefit | \$0 | \$515,251 | \$503,304 | \$505,554 | \$462,048 |
| Total Annual Revenue | \$4,299,994 | \$6,019,992 | \$5,060,665 | \$5,414,442 | \$5,539,853 |
| Total Cash Available | \$8,879,090 | \$9,190,956 | \$9,042,252 | \$10,798,701 | \$11,448,682 |
| Ending Cash Balance | \$4,285,563 | \$4,201,232 | \$3,500,464 | \$5,907,379 | \$4,066,317 |

MILL LEVY COMPARISON

| | 2010 Actual | 2011 Actual | 2012 Budget | 2013 Budget | Diff. b/n '12 & '13 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------------|
| Annual Valuation | \$45,550,427 | \$50,502,675 | \$49,823,218 | \$48,991,799 | |
| Bond and Interest Levy | 0.336 | 3.100 | 2.032 | 1.45657 | |
| General Fund Levy | 28.640 | 17.440 | 18.974 | 20.27354 | |
| Employee Benefit Levy | | 9.238 | 8.59 | 7.61204 | |
| Total Annual Mill Levy | 28.976 | 29.778 | 29.596 | 29.342 | -0.254 |
| Total Funds Generated from Ad Valorem | \$1,319,869 | \$1,503,869 | \$1,474,568 | \$1,437,525 | -\$37,043 |

ALL FUNDS SALARIES

| | | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|----------------------------------|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Street | Full Time | \$120,565 | \$121,228 | \$157,560 | \$157,560 | \$168,752 |
| | Part Time | \$0 | \$4,476 | \$0 | \$0 | \$0 |
| | Overtime | \$6,916 | \$0 | \$4,440 | \$4,000 | \$4,440 |
| Police | Full Time | \$566,865 | \$528,242 | \$551,700 | \$535,000 | \$609,907 |
| | Part Time | \$23,433 | \$21,454 | \$25,000 | \$23,000 | \$23,775 |
| | Overtime | \$43,452 | \$34,152 | \$40,000 | \$42,500 | \$45,000 |
| Planning | Full Time | \$110,962 | \$92,340 | \$113,726 | \$113,726 | \$117,006 |
| | Overtime | \$981 | \$826 | \$1,000 | \$1,000 | \$1,000 |
| Park & Rec | Full Time | \$4,765 | \$0 | \$0 | \$0 | \$0 |
| | Part Time | \$0 | \$6,217 | \$8,484 | \$4,000 | \$4,825 |
| | Overtime | 38.67 | \$52 | \$0 | | |
| Clerk/Finance | Full Time | \$108,147 | \$102,075 | \$137,360 | \$137,360 | \$146,199 |
| | Part time | \$0 | \$0 | \$20,800 | \$20,000 | \$21,715 |
| | Overtime | \$1,330 | \$1,452 | \$1,640 | \$2,500 | \$3,000 |
| Admin | Full Time | \$0 | \$135,576 | \$92,466 | \$31,000 | \$91,800 |
| | Overtime | \$0 | \$303 | \$0 | \$0 | \$0 |
| | Part Time | \$0 | \$0 | \$0 | \$0 | \$0 |
| Governing Body Elected Officials | | \$0 | \$18,200 | \$18,750 | \$18,200 | \$18,200 |
| | Personnel Services | \$115,943 | \$0 | \$0 | \$0 | \$0 |
| TOTAL GENERAL FUND | | \$1,103,398 | \$1,066,591 | \$1,172,926 | \$1,089,846 | \$1,255,620 |
| Sewer Fund | Full Time | \$129,037 | \$112,945 | \$73,225 | \$73,225 | \$79,836 |
| | Overtime | \$4,808 | \$7,273 | \$4,275 | \$4,275 | \$4,275 |
| | TOTAL SEWER FUND | \$133,845 | \$120,218 | \$77,500 | \$77,500 | \$84,111 |
| Solid Waste | Full Time | \$18,958 | \$20,034 | \$0 | \$0 | \$0 |
| | Overtime | \$659 | \$880 | \$0 | \$0 | \$0 |
| | TOTAL SOLID WASTE FUND | \$19,617 | \$20,914 | \$0 | \$0 | \$0 |
| Total Benefits all Funds | | \$427,970 | \$60,462 | \$489,630 | \$461,502 | \$554,382 |
| TOTAL WAGES AND BENEFITS | | \$1,684,830 | \$1,268,185 | \$1,740,056 | \$1,628,848 | \$1,894,113 |

2013 PROPOSED GENERAL FUND REVENUES

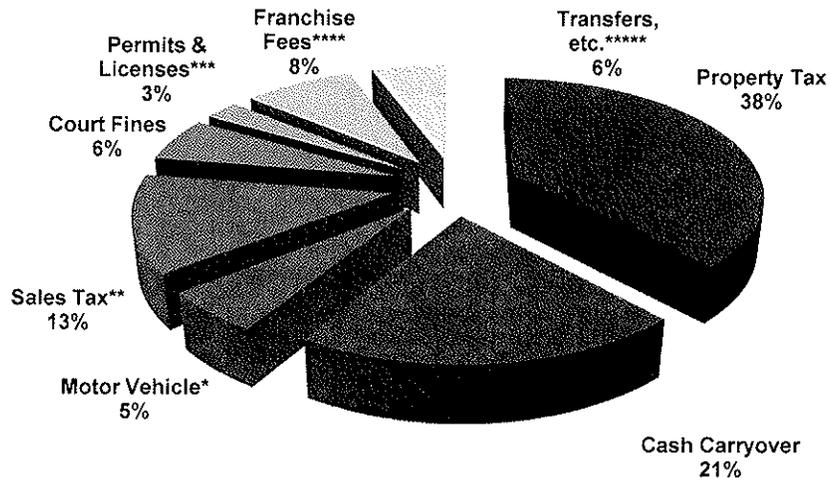
*Motor Vehicle Distribution, Recreational Vehicle Tax, 16M & 20M Truck Tax

**Sales Tax, Back Taxes

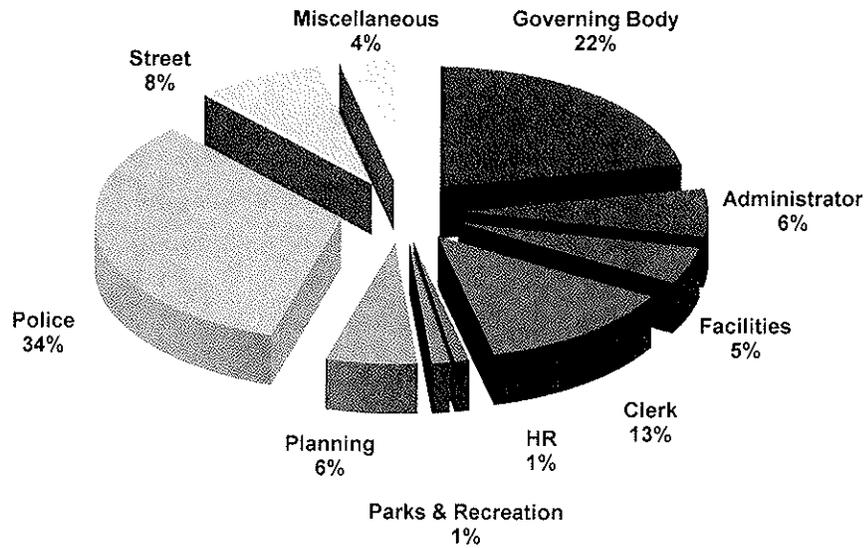
***Building Permits, Pet Licenses, Business Licenses, Misc. Fees/Permits/Licenses, Plan/Plat Application Fees

****West Star Energy, Atmos Energy, Suburban Water, Knology, AT&T, SW Bell

*****Grants & Reimbursables, Local Alcohol Liquor Fund, Field of Dreams, Other Revenues



2013 PROPOSED GENERAL FUND EXPENDITURES



REVENUE**GENERAL FUND**

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|--------------------------------------|----------------|-------------|----------------|------------------|-------------|
| Beginning of the year balance | \$419,077 | \$155,776 | \$172,333 | \$314,079 | \$515,989 |
| 460 Ad Valorem Property Tax | \$1,201,867 | \$842,023 | \$883,500 | \$901,370 | \$945,940 |
| 491 Motor Vehicle Distribution | \$148,751 | \$151,552 | \$91,538 | \$91,538 | \$136,698 |
| 493 Recreational Vehicle Tax | \$1,770 | \$1,784 | \$1,079 | \$1,079 | \$1,006 |
| 496 16M & 20M Truck Tax | \$3,121 | \$2,677 | \$2,064 | \$2,064 | \$1,467 |
| 464 Back Taxes | \$38,696 | \$102,788 | \$30,000 | \$90,000 | \$35,000 |
| Sales Tax | \$0 | \$288,199 | \$195,000 | \$290,000 | \$294,350 |
| Field of Dreams | \$0 | \$44,000 | \$35,000 | \$32,500 | \$37,500 |
| 421 Court Fines | \$153,901 | \$154,984 | \$170,000 | \$130,000 | \$150,000 |
| 401 Building Permits | \$11,382 | \$25,165 | \$40,000 | \$40,000 | \$40,000 |
| 403 Pet Licenses | \$1,170 | \$1,205 | \$1,150 | \$1,200 | \$1,200 |
| 404 Business Licenses | \$7,700 | \$8,350 | \$7,800 | \$8,350 | \$8,350 |
| 405 Misc. Fees/Permits/Licenses | \$15,888 | \$13,744 | \$14,500 | \$21,000 | \$15,000 |
| 407 Plan/Plat Application Fees | \$2,265 | \$963 | \$3,500 | \$1,000 | \$1,000 |
| 432 Westar Energy Franchise Tax | \$91,498 | \$94,388 | \$70,000 | \$80,000 | \$85,000 |
| 433 Atmos Energy Franchise Tax | \$41,421 | \$37,694 | \$42,000 | \$40,000 | \$39,000 |
| 436 Suburban Water Franchise Tax | \$23,076 | \$22,695 | \$23,000 | \$23,000 | \$23,500 |
| Consolidated Water Franchise Tax | \$0 | \$0 | \$0 | \$0 | \$0 |
| 435 Knology Cable Franchise Fee | \$39,934 | \$38,620 | \$32,500 | \$39,000 | \$40,000 |
| 438 AT&T Franchise Tax | \$10,882 | \$13,970 | \$10,400 | \$13,000 | \$14,000 |
| 434 SW Bell Franchise Tax | \$4,711 | \$5,471 | \$4,500 | \$5,000 | \$5,500 |
| Grants and Reimbursables | \$625 | \$0 | \$0 | \$0 | \$0 |
| 551 Interest Income | \$944 | \$599 | \$1,000 | \$1,500 | \$1,250 |
| 451 Local Alcohol Liquor Fund | \$7,881 | \$8,080 | \$8,896 | \$8,896 | \$8,839 |
| 511 Other Revenues | \$16,719 | \$6,516 | \$0 | \$1,000 | \$5,000 |
| Transfer from Sewer | \$0 | \$0 | \$25,088 | \$25,088 | \$47,810 |
| 675 Transfer from Solid Waste Fund | \$0 | \$0 | \$39,415 | \$39,415 | \$40,874 |
| TOTAL REVENUES | \$1,805,451 | \$1,865,466 | \$1,731,929 | \$1,886,000 | \$1,978,284 |
| TOTAL FUNDS AVAILABLE | \$2,224,528 | \$2,021,242 | \$1,904,263 | \$2,200,079 | \$2,494,273 |
| TOTAL EXPENDITURES | \$2,038,857 | \$1,719,861 | \$1,867,561 | \$1,684,090 | \$2,494,273 |
| UNRESERVED CASH BALANCE | \$185,671 | \$301,381 | \$36,701 | \$515,989 | \$0 |
| MILL LEVY INFORMATION | 2010 | | 2012 | | 2013 |
| FUND REQUIREMENTS | \$1,304,610 | | \$883,500 | | \$945,940 |
| ADD FOR DELINQUENT TAXES | | | 7% | | 5% |
| TOTAL AD VALOREM | \$1,304,610 | | \$945,345 | | \$993,237 |
| RATE OF LEVY IN MILLS | 28.64 | | 18.974 | | 20.274 |

GENERAL FUND**EXPENDITURES**

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|--------------------|------------------------|--------------------|------------------------|--------------------------|------------------------|
| Governing Body | \$127,221 | \$77,499 | \$44,614 | \$41,455 | \$544,100 |
| Administrator | \$0 | \$154,346 | \$141,600 | \$38,500 | \$160,400 |
| Facilities | \$116,188 | \$80,115 | \$131,775 | \$115,941 | \$123,346 |
| City Clerk/Finance | \$277,147 | \$218,243 | \$306,950 | \$296,560 | \$325,115 |
| Human Resources | \$387,628 | \$13,716 | \$16,000 | \$25,150 | \$25,150 |
| Park & Recreation | \$15,311 | \$60,398 | \$32,955 | \$28,630 | \$30,225 |
| Planning & Zoning | \$152,537 | \$124,252 | \$153,400 | \$135,076 | \$152,206 |
| Police | \$740,500 | \$692,270 | \$771,650 | \$735,850 | \$834,432 |
| Street | \$153,324 | \$208,254 | \$183,100 | \$179,410 | \$207,515 |
| Miscellaneous | \$69,000 | \$90,767 | \$85,518 | \$87,518 | \$91,783 |
| TOTALS | \$2,038,857 | \$1,719,861 | \$1,867,561 | \$1,684,090 | \$2,494,273 |

The General Fund is the primary operating fund for any city as it is available for any legally authorized purpose except those required to be accounted for in another Fund. The General Fund's primary revenue source is ad valorem property tax. This is a general tax on all real and personal property not exempt from taxation by law. It is sometimes called an "ad valorem" tax, meaning that the tax is based on the value of the property.

| GENERAL FUND | | GOVERNING BODY | | | | |
|---------------------|-----------------------------------|------------------------|-----------------|-----------------|-----------------|------------------|
| | | ACCOUNT: 01-003 | | | | |
| | | 2010 | 2011 | 2012 | 2012 | 2013 |
| | | Actual | Actual | Budget | Estimate | Budget |
| 708 | Elected Officials | \$0 | \$18,200 | \$18,750 | \$18,200 | \$18,200 |
| 701 | Personnel Services | \$115,943 | \$0 | \$0 | \$0 | \$0 |
| 758 | Paging/Wireless | \$453 | \$0 | \$0 | \$0 | \$0 |
| 751 | Legal Fees | \$2,095 | \$9,962 | \$0 | \$0 | \$0 |
| 761 | Vehicle Expense | \$281 | \$0 | \$1,000 | \$300 | \$1,000 |
| 774 | Training | \$1,654 | \$1,121 | \$1,400 | \$750 | \$1,400 |
| 781 | Promo/Public Relations Activities | \$569 | \$15,927 | \$750 | \$2,000 | \$1,000 |
| 782 | Mileage Reimbursement | \$274 | \$0 | \$500 | \$0 | \$200 |
| 783 | Organization & Membership Dues | \$1,001 | \$50 | \$1,000 | \$2,505 | \$2,500 |
| 795 | Outside Agency Requests | \$0 | \$30,000 | \$15,000 | \$15,000 | \$15,000 |
| 799 | Miscellaneous Contractual | \$2,100 | \$268 | \$1,500 | \$2,000 | \$2,000 |
| 801 | Office Supplies | \$73 | \$174 | \$200 | \$200 | \$200 |
| 803 | Miscellaneous Commodities | \$1,650 | \$455 | \$2,000 | \$250 | \$1,500 |
| 804 | Gas / Oil / Miscellaneous | \$269 | \$34 | \$400 | \$0 | \$100 |
| 807 | Printed Material/Publications | \$90 | \$423 | \$300 | \$250 | \$1,000 |
| 850 | Capital & Operating Overhead | \$771 | \$886 | \$1,814 | \$0 | \$500,000 |
| TOTALS | | \$127,221 | \$77,499 | \$44,614 | \$41,455 | \$544,100 |

The Governing Body Department consists of the Mayor and a five member City Council. Expenses related to the City Administrator were separated from the Governing Body Department budget in 2011. Outside agency funding (Care Council) has been maintained at 2012 levels. The Capital & Operating Overhead line item accounts for funds intended for the use of potential capital purchases and expenses associated with capital purchases along with anticipated City liabilities. If not utilized these resources will be rolled over into the 2014 budget in the form of cash carryover and could be used for budget stabilization purposes.

GENERAL FUND**CITY ADMINISTRATOR****ACCOUNT: 01-006**

| | | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|---------------|--------------------------------|----------------|----------------|-------------|------------------|----------------|
| 701 | Full Time | | \$135,576 | \$92,466 | \$31,000 | \$91,800 |
| 704 | Overtime | | \$303 | \$0 | \$0 | \$0 |
| 758 | Mobile Communications | | \$1,384 | \$1,850 | \$0 | \$1,850 |
| 774 | Training | | \$3,280 | \$3,034 | \$0 | \$3,500 |
| 782 | Mileage Reimb/Car Allowance | | \$175 | \$7,000 | \$0 | \$1,000 |
| 783 | Organization & Membership Dues | | \$942 | \$1,500 | \$0 | \$1,500 |
| 799 | Miscellaneous Contractual | | \$2,392 | \$7,000 | \$0 | \$7,000 |
| 801 | Office Supplies | | \$54 | \$250 | \$0 | \$250 |
| 803 | Miscellaneous Commodities | | \$325 | \$500 | \$0 | \$500 |
| 807 | Printed Material/Publications | | \$819 | \$500 | \$0 | \$500 |
| 850 | Capital Outlay | | \$885 | \$2,500 | \$0 | \$2,500 |
| 847 | Contingency | | \$8,212 | \$25,000 | \$7,500 | \$50,000 |
| TOTALS | | | \$154,346 | \$141,600 | \$38,500 | \$160,400 |

The City Administrator is responsible for planning, organizing, directing and coordinating all municipal activities, including utilities; serves as the chief administrative officer of the City and is responsible for the proper administration of all City affairs. This Department was initially identified as independent of others in the City's 2011 annual operating budget and includes expenditures for the activities of City Administrator. Kansas statutes allow for up to ten percent of contingency spending. The **Contingency** line item is budgeted for unexpected expenses that occur mid-year with no ability to budget for them. The department consists of one employee.

CLERK/FINANCE DEPARTMENT ORGANIZATIONAL CHART

City Clerk/Finance Director

Assistant City
Clerk/Utility
Billing

Accounting
Clerk

Administrative
Assistant



| GENERAL FUND | | CLERK/FINANCE | | | | |
|---------------|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | ACCOUNT : 01-001 | | | | |
| | | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
| 701 | Full-time | \$108,147 | \$102,075 | \$137,360 | \$137,360 | \$146,199 |
| 702 | Part-time | \$0 | \$0 | \$20,800 | \$20,000 | \$21,715 |
| 704 | Overtime | \$1,330 | \$1,452 | \$1,640 | \$2,500 | \$3,000 |
| 751 | Legal Fees | \$11,053 | \$12,226 | \$30,000 | \$35,000 | \$45,000 |
| 758 | Paging/Wireless | \$0 | \$575 | \$600 | \$800 | \$800 |
| 760 | Notices & Advertisements | \$1,897 | \$1,424 | \$2,000 | \$2,500 | \$1,500 |
| 774 | Training | \$3,283 | \$4,014 | \$4,500 | \$4,250 | \$4,500 |
| 779 | Insurance Expenses | \$82,396 | \$43,311 | \$50,000 | \$48,000 | \$50,000 |
| 781 | Promo/Public Relations Activities | \$19,268 | \$1,014 | \$4,000 | \$1,000 | \$2,500 |
| 782 | Car Allowance/Mileage Reimb | \$78 | \$0 | \$450 | \$200 | \$400 |
| 783 | Organization & Membership Dues | \$11,264 | \$11,604 | \$12,000 | \$11,800 | \$12,500 |
| 785 | Accounting & Auditing | \$16,460 | \$17,900 | \$20,000 | \$17,650 | \$20,000 |
| 799 | Miscellaneous Contractual | \$13,052 | \$15,698 | \$7,000 | \$5,000 | \$5,000 |
| 801 | Office Supplies | \$3,892 | \$2,768 | \$3,600 | \$3,000 | \$3,000 |
| 803 | Miscellaneous Commodities | \$1,461 | \$334 | \$1,500 | \$1,500 | \$1,500 |
| 807 | Printed Material/Publications | \$2,774 | \$2,893 | \$5,000 | \$2,500 | \$2,500 |
| 808 | Postage & Postal Permit | \$793 | \$596 | \$4,000 | \$1,500 | \$2,500 |
| 850 | Capital Outlay | \$0 | \$358 | \$2,500 | \$2,000 | \$2,500 |
| TOTALS | | \$277,147 | \$218,243 | \$306,950 | \$296,560 | \$325,115 |

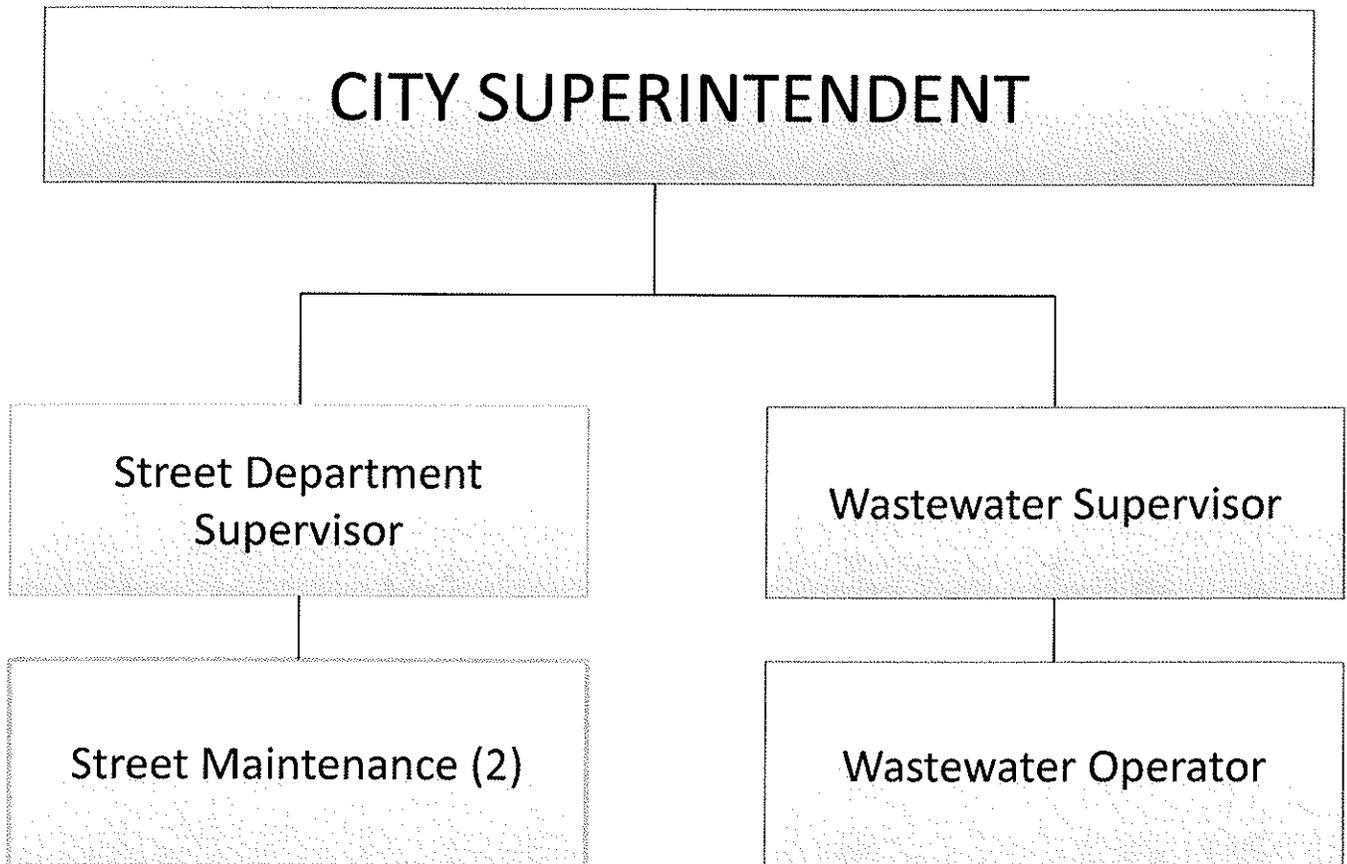
The City Clerk/Finance office is responsible for many basic governmental functions. As part of the statutory duties, the Clerk serves as the record keeper of all City Commission proceedings and actions, as well as City records (ordinances, resolutions, deeds, contracts, agreements, easements, vacations). The City Clerk is designated as the Freedom of Information Officer and coordinates all requests for records. The Clerk/Finance office is also responsible for providing the Governing Body with agenda packets and materials, maintaining and updating the City Code, recording and certifying special assessments, licensing businesses, cereal malt beverages, drinking establishments and fireworks stands. Department staff also provide the City with all accounting and utility billing functions including preparation of the City's annual operating budget. The **Organizational and Membership** dues line item includes funding for affiliations to organizations such as League of Kansas Municipalities (LKM), Mid-America Regional Council (MARC) and the Leavenworth County Development Coalition (LCDC). **Accounting and Auditing** expenses were increased to reflect the cost of continuing a Generally Accepted Accounting Principles (GAAP) compliant audit for the 2012 fiscal year. Expenses for the audit will be incurred in 2013. The **Miscellaneous Contractual** line item includes image management agreements, accounting software (FundBalance) maintenance. City-wide legal expenses are consolidated and included in the Clerk/Finance budget.

GENERAL FUND**Human Resources****ACCOUNT: 01-012**

| | | 2010 | 2011 | 2012 | 2012 | 2013 |
|---------------|-----------------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| | | Actual | Actual | Budget | Estimate | Budget |
| 745 | HR Support | \$8,758 | \$5,605 | \$5,000 | \$8,650 | \$8,650 |
| 742 | Payroll Vendor | \$0 | \$0 | \$0 | \$5,500 | \$5,500 |
| 746 | Social Security | \$70,199 | \$0 | \$0 | \$0 | \$0 |
| 747 | Medicare | \$16,446 | \$0 | \$0 | \$0 | \$0 |
| 748 | KS Unemployment Tax | \$1,362 | \$0 | \$0 | \$0 | \$0 |
| 749 | Employee Vision | \$3,698 | \$0 | \$0 | \$0 | \$0 |
| 772 | EE Medical | \$130,606 | \$0 | \$0 | \$0 | \$0 |
| 773 | EE Deferred Compensation | \$75,700 | \$0 | \$0 | \$0 | \$0 |
| 778 | EE Dental Insurance | \$8,422 | \$0 | \$0 | \$0 | \$0 |
| 786 | KS Police/Fireman | \$62,075 | \$0 | \$0 | \$0 | \$0 |
| 787 | Employee Assistance Program | \$0 | \$0 | \$500 | \$500 | \$500 |
| 799 | Miscellaneous Contractual | \$0 | \$212 | \$0 | \$0 | \$0 |
| 813 | Clothing Allowance | \$10,362 | \$7,899 | \$10,000 | \$10,000 | \$10,000 |
| 816 | Vaccination Allowance | \$0 | \$0 | \$500 | \$500 | \$500 |
| TOTALS | | \$387,628 | \$13,716 | \$16,000 | \$25,150 | \$25,150 |

Employee benefits for all funds have been consolidated into the Employee Benefit Fund allowing for easier tracking and a comprehensive view of employee benefit costs. **HR Support** includes the agreement for human resource support for all City Departments. The **Clothing Allowance** line item encompasses all General Fund employees the Planning Commission and Elected Officials. The increase in the 2012 Estimate and 2013 Proposed budget is due to the inclusion of the City's payroll vendor expenses.

PUBLIC WORKS DEPARTMENT ORGANIZATIONAL CHART

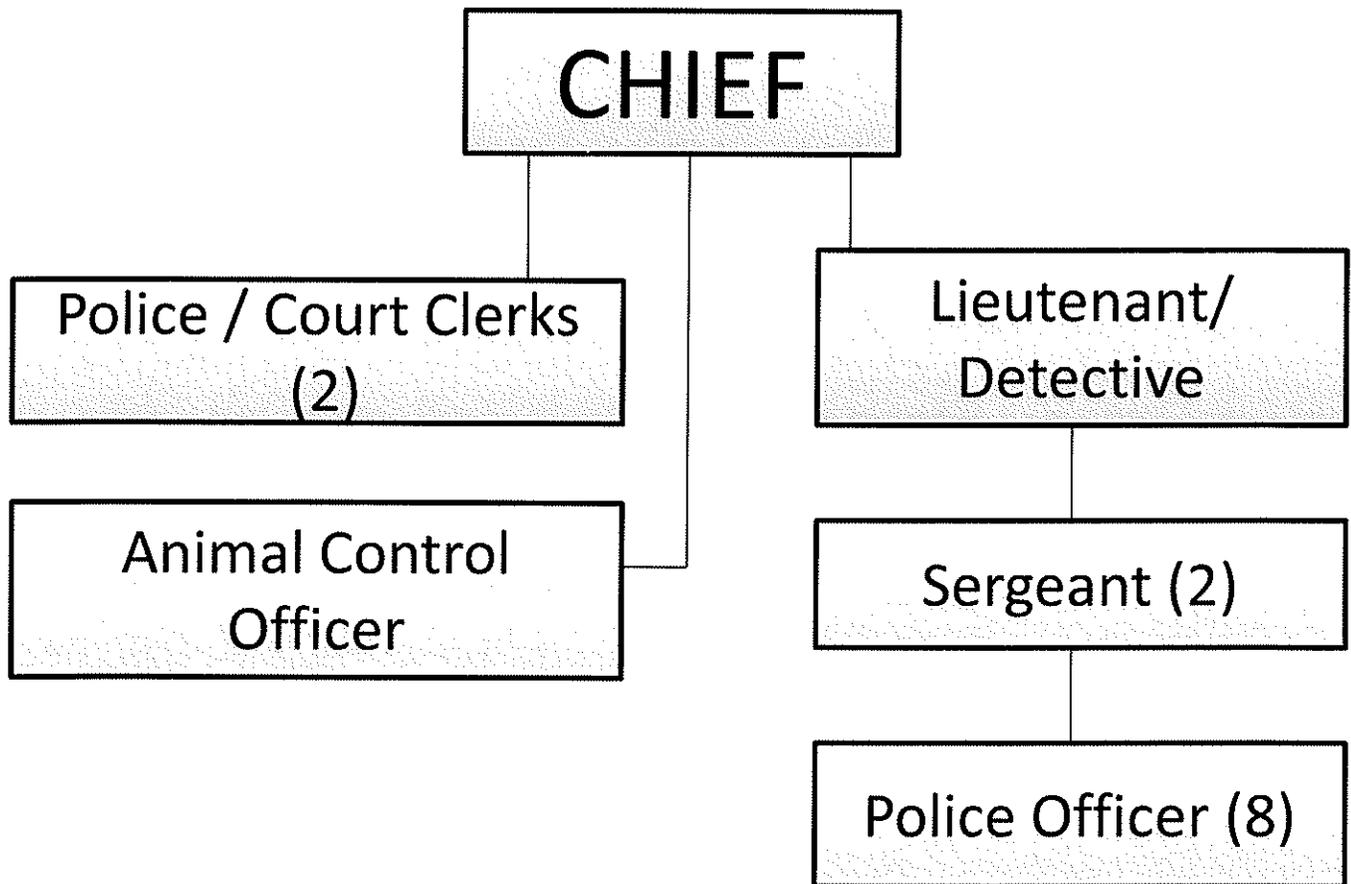


GENERAL FUND**STREET DEPARTMENT****ACCOUNT: 01-002**

| | | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|---------------|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| 701 | Full Time | \$120,565 | \$121,228 | \$157,560 | \$157,560 | \$168,752 |
| 702 | Part Time | \$0 | \$4,476 | \$0 | \$0 | \$0 |
| 704 | Overtime | \$6,916 | \$0 | \$4,440 | \$2,500 | \$4,440 |
| 751 | Legal Fees | \$600 | \$0 | \$0 | \$0 | \$0 |
| 758 | Paging/Wireless | \$978 | \$1,281 | \$1,500 | \$1,300 | \$1,400 |
| 760 | Notices & Advertisements | \$369 | \$0 | \$100 | \$100 | \$100 |
| 761 | Vehicle/Equipment Main & Repair | \$5,696 | \$5,453 | \$5,000 | \$4,200 | \$7,500 |
| 774 | Training | \$38 | \$0 | \$300 | \$300 | \$300 |
| 787 | Street Lighting | \$0 | \$60,757 | \$0 | \$0 | \$0 |
| 799 | Miscellaneous Contractual | \$3,260 | \$1,228 | \$2,000 | \$1,450 | \$2,000 |
| 801 | Office Supplies | \$244 | \$512 | \$700 | \$700 | \$700 |
| 803 | Miscellaneous Commodities | \$8,264 | \$3,919 | \$4,500 | \$4,500 | \$4,500 |
| 804 | Gas/Oil/Misc | \$5,339 | \$7,444 | \$6,000 | \$5,800 | \$6,823 |
| 810 | Safety Equipment | \$267 | \$444 | \$1,000 | \$1,000 | \$1,000 |
| 811 | Maint Materials/Supplies | \$789 | \$0 | \$0 | \$0 | \$0 |
| 850 | Capital Outlay | \$0 | \$1,512 | \$0 | \$0 | \$10,000 |
| TOTALS | | \$153,324 | \$208,254 | \$183,100 | \$179,410 | \$207,515 |

The Street Department contributes to the quality of life of Basehor residents by maintaining approximately 43 linear miles of city streets including maintenance, improvements and snow removal. The Department also maintains and schedules repairs and improvements on City Streets, all City facilities including the Field of Dreams Athletic complex the City Park, state licensed animal confinement area as well as general maintenance on all designated City property. The Street Department also coordinates the logistics of solid waste disposal and single stream recycling disposal. The **Capital Outlay** line item includes \$10,000 for the purchase of a utility vehicle.

Police Department Organizational Chart



| GENERAL FUND | | POLICE | | | | |
|---------------|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | ACCOUNT: 01-004 | | | | |
| | | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
| 701 | Full-time | \$566,865 | \$528,242 | \$551,700 | \$535,000 | \$609,907 |
| 702 | Part-time | \$23,433 | \$21,454 | \$25,000 | \$23,000 | \$23,775 |
| 704 | Overtime | \$43,452 | \$34,152 | \$40,000 | \$42,500 | \$45,000 |
| 705 | Police Grant Personal Serv. | \$0 | \$0 | \$0 | \$0 | \$0 |
| 751 | Legal Fees | \$231 | \$1,346 | \$0 | \$0 | \$0 |
| 758 | Paging/Wireless | \$2,850 | \$5,133 | \$4,000 | \$4,000 | \$4,000 |
| 759 | Animal Control Expenses | \$2,280 | \$2,120 | \$2,000 | \$2,000 | \$2,000 |
| 760 | Notices & Advertisements | \$803 | \$443 | \$750 | \$750 | \$750 |
| 761 | Vehicle/Equipment Main & Repair | \$8,776 | \$11,233 | \$12,000 | \$12,000 | \$12,000 |
| 764 | Leavenworth County Jail | \$3,133 | \$2,678 | \$5,000 | \$5,000 | \$5,000 |
| 766 | Municipal Court Judge | \$3,600 | \$3,600 | \$4,000 | \$3,600 | \$4,800 |
| 767 | Court Fees | \$21,858 | \$17,122 | \$25,000 | \$20,000 | \$25,000 |
| 774 | Training | \$7,683 | \$5,480 | \$8,000 | \$8,000 | \$8,000 |
| 781 | Promo/Public Relations Activities | \$211 | \$77 | \$500 | \$500 | \$500 |
| 782 | Mileage Reimbursement | \$0 | \$0 | \$500 | \$0 | \$500 |
| 783 | Organization Membership Dues | \$1,603 | \$465 | \$500 | \$500 | \$500 |
| 799 | Misc Contractual Services | \$10,733 | \$13,184 | \$30,000 | \$25,000 | \$30,000 |
| 801 | Office Supplies | \$2,653 | \$1,829 | \$2,500 | \$2,000 | \$2,500 |
| 803 | Miscellaneous Commodities | \$5,311 | \$3,734 | \$8,000 | \$6,000 | \$8,000 |
| 804 | Gas/Oil/Misc | \$30,826 | \$36,694 | \$40,000 | \$38,000 | \$40,000 |
| 807 | Printed Material/Publications | \$655 | \$1,706 | \$1,000 | \$1,000 | \$1,000 |
| 808 | Postage & Postal Permit | \$893 | \$895 | \$1,200 | \$1,000 | \$1,200 |
| 810 | Safety Equipment (Vests) | -\$1,918 | \$0 | \$2,000 | \$1,000 | \$2,000 |
| 850 | Capital Outlay | \$4,570 | \$685 | \$8,000 | \$5,000 | \$8,000 |
| TOTALS | | \$740,500 | \$692,270 | \$771,650 | \$735,850 | \$834,432 |

The Basehor Police Department (the City's largest) coordinates public safety efforts throughout the City. Through investigations, patrols, detective, and other efforts, the Police Department endeavors to deter and prevent criminal activity within the city. The **Part-time** animal control line item has been increased to provide for increased demand for services. **Vehicle/equipment maintenance** and repair is required to maintain an aging fleet of response vehicles. The **Miscellaneous Contractual** Services line item includes image management expenses, Leads Online, Training @ Your Place, Leavenworth County Probation services, insurance claims, fire extinguisher maintenance, new employee psychological exams, citation books, statute pocket guides, UPC/STO books, indigent defense and departmental functional requirements. In regard to **training** all officers are required by Kansas Statute to obtain 40 hours of annual training. Due to rising fuel costs and required patrol coverage the **Gas/Oil/Misc** line item has been increased. The **Miscellaneous Commodities** line item includes Watchguard video equipment and supplies, promotional items purchased for community policing, video and office supplies along with other departmental functional commodities.

GENERAL FUND**CITY FACILITIES****Account 01-005**

| | | 2010 | 2011 | 2012 | 2012 | 2013 |
|---------------|--------------------------------|------------------|-----------------|------------------|------------------|------------------|
| | | Actual | Actual | Budget | Estimate | Budget |
| 752 | Utility Gas (Atmos) | \$6,368 | \$8,182 | \$10,000 | \$7,000 | \$9,000 |
| 753 | Utility Electric (Westar) | \$2,919 | \$3,516 | \$3,225 | \$3,856 | \$3,322 |
| 754 | Utility Sewer & Solid Waste | \$1,836 | \$417 | \$250 | \$200 | \$258 |
| 755 | Utility Water (Cons Water) | \$1,114 | \$1,333 | \$1,500 | \$1,780 | \$1,545 |
| 757 | Telephone/Fax/Internet Service | \$4,115 | \$3,797 | \$3,000 | \$4,099 | \$4,222 |
| 777 | Facility Repairs & Maintenance | \$932 | \$1,102 | \$1,800 | \$1,500 | \$1,500 |
| 787 | Street Lighting | \$52,576 | \$0 | \$59,000 | \$50,000 | \$50,000 |
| 797 | Technology Support | \$33,985 | \$47,398 | \$40,000 | \$39,906 | \$40,000 |
| 799 | Misc. Contractual Services | \$5,600 | \$9,012 | \$6,000 | \$7,000 | \$7,500 |
| 803 | Miscellaneous Commodities | \$2,330 | \$2,303 | \$2,000 | \$500 | \$1,000 |
| 810 | Safety Equipment | \$231 | \$3,057 | \$500 | \$100 | \$500 |
| 850 | Capital Outlay | \$4,183 | \$0 | \$4,500 | \$0 | \$4,500 |
| TOTALS | | \$116,188 | \$80,115 | \$131,775 | \$115,941 | \$123,346 |

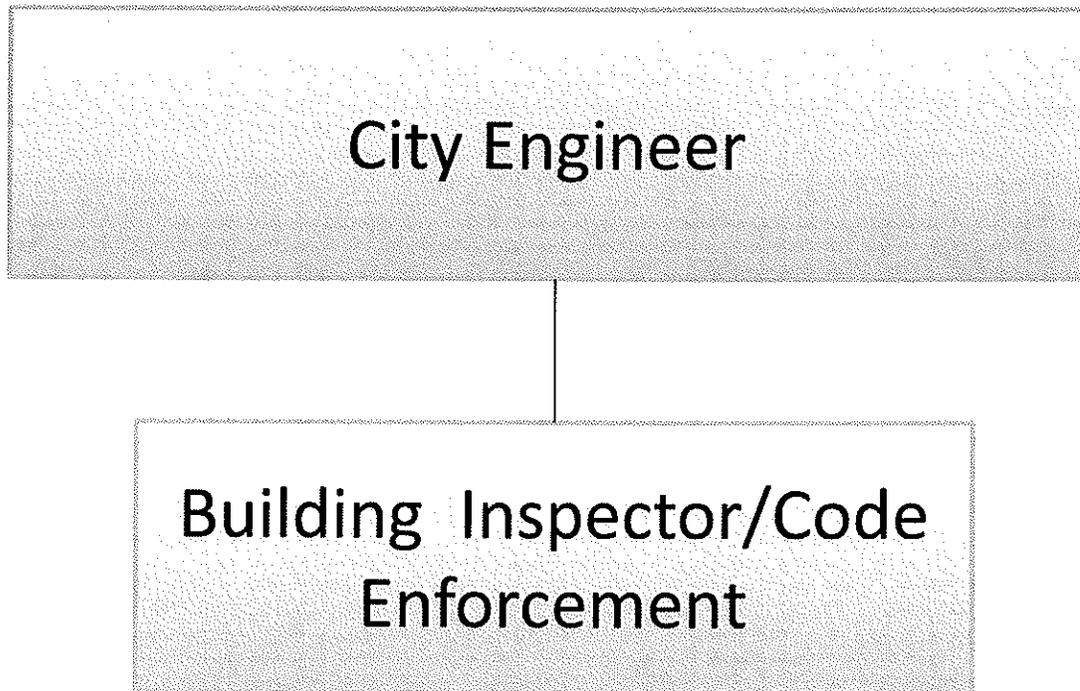
The **Technology Agreement** line item covers the agreement for services relating to information technology support and network security for all City Departments. **Miscellaneous Contractual** includes items such as cleaning, general repairs and fire extinguisher inspections. The **Miscellaneous Commodities** line item includes general supplies and maintenance materials. **Street Lighting** was moved from the Street Department to City Facilities as it is a City-wide utility expense.

GENERAL FUND**PARKS & RECREATION
DEPARTMENT****ACCOUNT: 01-008**

| | | 2010 | 2011 | 2012 | 2012 | 2013 |
|------------------|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| PERSONNEL | | Actual | Actual | Budget | Estimate | Budget |
| 701 | Personnel Services | \$4,765 | \$0 | \$0 | \$0 | \$0 |
| 702 | Part-Time | \$0 | \$6,217 | \$8,484 | \$4,000 | \$4,825 |
| 704 | Overtime | \$39 | \$52 | \$0 | \$30 | \$0 |
| 803 | Miscellaneous Commodities | \$855 | \$474 | \$500 | \$500 | \$500 |
| 811 | Maintenance Materials/Supplies | \$323 | \$798 | \$800 | \$800 | \$1,000 |
| 738 | Field of Dreams | \$0 | \$43,554 | \$15,000 | \$15,000 | \$15,000 |
| 753 | Utility Electric | \$3,800 | \$3,743 | \$3,655 | \$3,800 | \$3,800 |
| 754 | Utility Sewer & Solid Waste | \$424 | \$141 | \$0 | \$0 | \$0 |
| 755 | Utility Water | \$850 | \$348 | \$600 | \$600 | \$600 |
| 792 | Park Maintenance & Repairs | \$1,488 | \$3,073 | 1,500 | \$1,500 | \$2,000 |
| 799 | Misc. Contractual Services | \$2,767 | \$1,999 | 2,416 | \$2,400 | \$2,500 |
| TOTALS | | \$15,311 | \$60,398 | \$32,955 | \$28,630 | \$30,225 |

The Parks & Recreation Department provides for quality recreational, sporting and leisure opportunities within the City of Basehor. This Department enhances and maintains the City Park (including walking trail and restroom facilities). **The Electric Utility** line item reflects the energy used to warm the City Park restrooms and allow electricity for special events and approximately 100 reservations. The Field of Dreams athletic complex expenses include utilities and youth programming participation rebates. Utility expenses at the complex during the sports season are recouped from the City's youth programming contractor. Approximately 1,100 area youth participate in athletic programming at the complex in 2011. This years participation rates are currently tracking ahead of that. Early in 2012 the Basehor City Council agreed to continue providing youth programming rebates to Basehor residents. So far City this year the City has provided 87 rebates totalling \$3,750. In 2011, the City issues 132 rebates throughout the year which amounted to 7,060.

PLANNING AND ZONING DEPARTMENT ORGANIZATIONAL CHART



GENERAL FUND

PLANNING & ZONING

ACCOUNT: 01-017

| | | 2010 | 2011 | 2012 | 2012 | 2013 |
|---------------|---------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | Actual | Actual | Budget | Estimate | Budget |
| 701 | Full-time | \$110,962 | \$92,340 | \$113,726 | \$113,726 | \$117,006 |
| 704 | Overtime | \$981 | \$826 | \$1,000 | \$1,000 | \$1,000 |
| 751 | Legal Fees | \$18,491 | \$16,365 | \$0 | \$0 | \$0 |
| 758 | Paging/Wireless | \$1,039 | \$1,542 | \$1,500 | \$1,200 | \$1,500 |
| 760 | Notices & Advertisements | \$534 | \$1,444 | \$0 | \$1,700 | \$2,000 |
| 761 | Vehicle/Equipment Main & Repair | \$439 | \$47 | \$1,700 | \$1,700 | \$1,700 |
| 765 | Engineering Services | \$8,297 | \$1,984 | \$0 | \$0 | \$0 |
| 768 | Consulting/Special Studies | \$3,024 | \$21 | \$0 | \$0 | \$0 |
| 774 | Training/Travel/Mileage | \$335 | \$2,249 | \$3,000 | \$1,000 | \$2,000 |
| 776 | Building Demolition | \$0 | \$0 | \$0 | \$0 | \$0 |
| 782 | Mileage Reimb/Car Allowance | \$818 | \$0 | \$0 | \$0 | \$0 |
| 783 | Organization/Membership Dues | \$580 | \$205 | \$1,000 | \$750 | \$1,000 |
| 799 | Miscellaneous Contractual | \$2,731 | \$2,893 | \$4,000 | \$4,000 | \$3,500 |
| 801 | Office Supplies | \$202 | \$109 | \$500 | \$400 | \$500 |
| 803 | Miscellaneous Commodities | \$533 | \$143 | \$1,500 | \$1,000 | \$1,500 |
| 804 | Gas/Oil/Misc | \$1,026 | \$1,219 | \$2,600 | \$2,600 | \$3,500 |
| 807 | Printed Material/Publications | \$1,730 | \$308 | \$0 | \$0 | \$0 |
| 808 | Postage & Postal Permit | \$817 | \$698 | \$0 | \$0 | \$0 |
| 850 | Capital Outlay | \$0 | \$1,859 | \$2,000 | \$1,000 | \$2,000 |
| | Notices & Printed Materials | \$0 | \$0 | \$2,000 | \$0 | \$0 |
| | Professional Services | \$0 | \$0 | \$18,874 | \$5,000 | \$15,000 |
| TOTALS | | \$152,537 | \$124,252 | \$153,400 | \$135,076 | \$152,206 |

The Planning & Zoning Department promotes safety and quality neighborhood/commercial maintenance and development. More specifically, staff continues to review the City's Comprehensive Plan and add items as-needed based on special study areas. The Department also applies the city's long-range development goals and objectives to specific development proposals as they are brought before the Planning Commission and City Council. The department assures residents safety by conducting thorough reviews of all construction plans for compliance with the latest building codes, engineering standards and environmental requirements. Reviews with detailed, on-site inspections of construction activity throughout the building process are also conducted. **Printed Materials/Publications** and **Notices & Advertisements** have been included in the **Notices & Printed Materials** line item. **Engineering Services** and **Consulting/Special Studies** are included in **Professional Services**. **Professional Services** include miscellaneous traffic studies, geotechnical studies, and licensed survey work. **Mileage Reimb/Car Allowance** will now be reported in the **Training/Travel/Mileage** in 2011 budget line item. **Miscellaneous Contractual** includes maintenance on AutoCAD (\$950), GIS (\$700), Laredo (\$720) and biannual County mapping (\$1200). **Miscellaneous Commodities** include field equipment replacement, survey equipment, safety equipment, and 36" printing paper. The **Gas/Oil/Misc** increase reflects the addition of one work truck to the fleet. **Postage & Postal Permits** will be provided by the General Fund. **Capital Outlay** will potentially provide for a mobile computing device as building permits increase.

GENERAL FUND**MISCELLANEOUS****01-011**

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|--------------------------------|-----------------|-----------------|-----------------|------------------|-----------------|
| Transfer to Equipment Reserve | \$69,000 | \$69,518 | \$69,518 | \$69,518 | \$72,283 |
| NRP Rebate | \$0 | \$16,440 | \$16,000 | \$18,000 | \$19,500 |
| Reimbursements & Reimbursables | \$0 | \$4,809 | \$0 | \$0 | \$0 |
| TOTALS | \$69,000 | \$90,767 | \$85,518 | \$87,518 | \$91,783 |

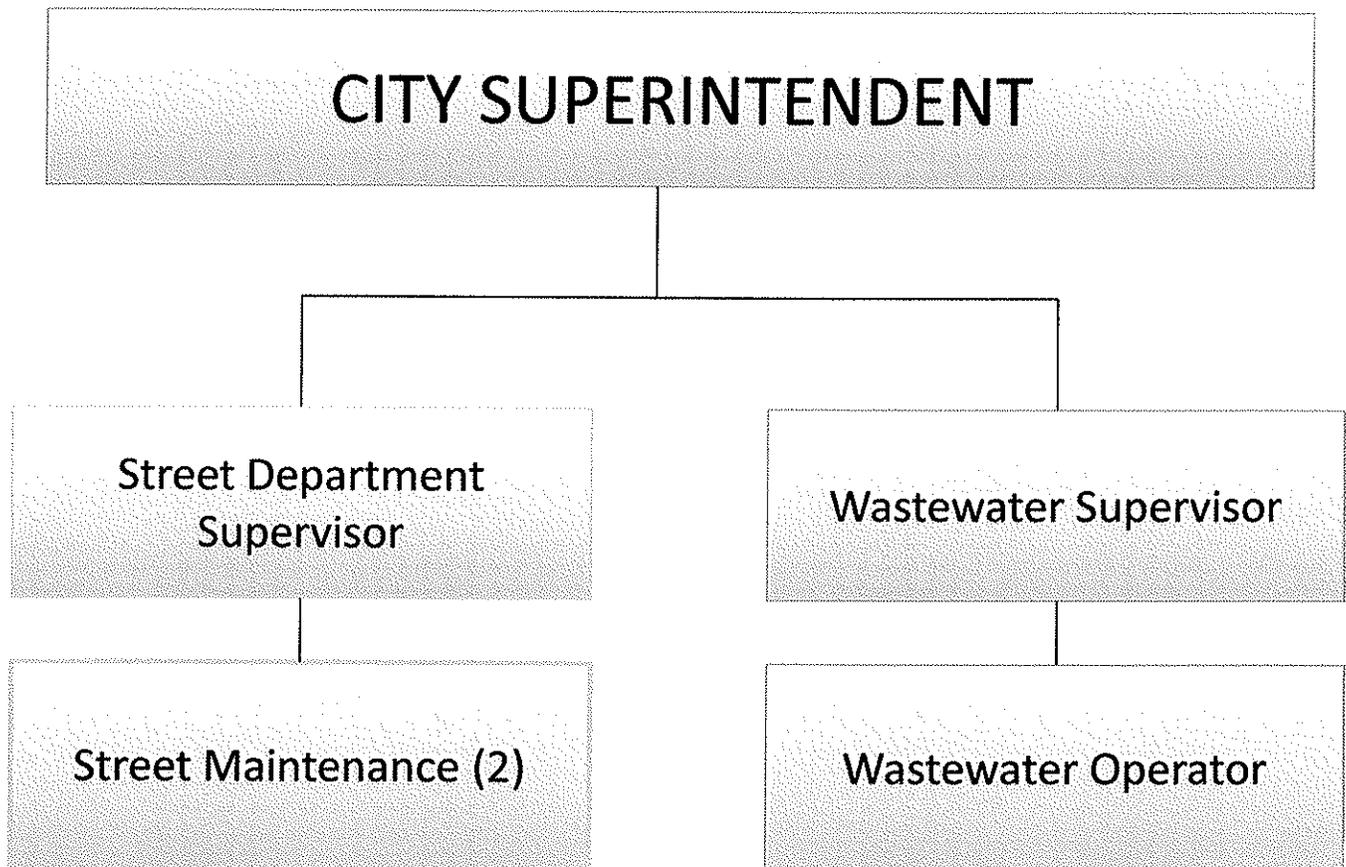
Included in this budget is a Fleet Replacement Schedule which outlines the necessary transfers to cover the General Fund's share of equipment depreciation. The **Transfer to Equipment Reserve** is for this purpose. The **Neighborhood Revitalization Program (NRP) Rebate** covers the rebate of ad valorem taxes on constructed and eligible property improvements within the defined NRP neighborhoods.

SOLID WASTE FUND**EXPENSES****ACCOUNTS:**

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|--|------------------|------------------|------------------|------------------|------------------|
| Beginning of year balance | \$71,534 | \$88,375 | \$98,602 | \$72,993 | \$76,492 |
| Revenue | | | | | |
| 411 Deffenbaugh PAYT Stickers | \$0 | \$0 | \$0 | \$900 | \$1,000 |
| 521 Solid Waste Fees | \$176,271 | \$269,912 | \$277,070 | \$283,848 | \$292,363 |
| 495 Delinquent Fee Collections | \$979 | \$958 | \$2,060 | \$2,000 | \$1,000 |
| 551 Interest on Idle Funds | \$131 | \$115 | \$103 | \$150 | \$150 |
| TOTAL REVENUE | \$177,381 | \$270,985 | \$279,233 | \$285,998 | \$293,513 |
| TOTAL AVAILABLE FUNDS | \$248,915 | \$359,360 | \$377,835 | \$358,991 | \$370,006 |
| Expenditures | | | | | |
| 09-010-701 Full Time | \$18,958 | \$20,034 | \$0 | \$0 | \$0 |
| 09-010-704 Overtime | \$659 | \$880 | \$0 | \$0 | \$0 |
| 09-011-746 Social Security | \$0 | \$0 | \$0 | \$0 | \$0 |
| 09-011-747 Medicare | \$0 | \$0 | \$0 | \$0 | \$0 |
| 09-011-748 Unemployment | \$0 | \$0 | \$0 | \$0 | \$0 |
| 05-011-749 Vision Insurance | 0 | \$0 | \$0 | \$0 | \$0 |
| 09-011-772 Medical/Life Insurance | 0 | \$0 | \$0 | \$0 | \$0 |
| 09-011-773 Deferred Compensation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 09-111-774 Training | \$0 | \$0 | \$1,500 | \$1,500 | \$1,600 |
| 09-011-778 Dental Insurance | 0 | \$0 | \$0 | \$0 | \$0 |
| 09-011-905 Transfer to Employee Benefit | \$0 | \$11,085 | \$13,373 | \$13,373 | \$16,294 |
| 09-011-779 Misc. Contractual Services | \$1,172 | \$0 | \$0 | \$0 | \$0 |
| 09-000-903 Transfer to General Fund (Wages) | \$0 | \$0 | \$39,415 | \$39,415 | \$40,874 |
| 09-000-972 Transfer to Sewer Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| 09-010-775 Solid Waste Disposal | \$131,602 | \$230,221 | \$224,311 | \$224,311 | \$231,040 |
| 09-010-799 Misc. Contractual Services | \$0 | \$1,380 | \$0 | \$0 | \$700 |
| 09-010-801 Office Supplies | \$0 | \$6 | \$309 | \$300 | \$300 |
| 09-010-803 Miscellaneous Commodities | \$0 | \$130 | \$103 | \$100 | \$100 |
| 05-009-807 Printed Material/Publications | \$480 | \$901 | \$1,165 | \$500 | \$500 |
| 05-009-808 Postage & Postal Permit | \$2,500 | \$1,971 | \$721 | \$1,000 | \$850 |
| 05-009-850 Capital Outlay | \$0 | \$358 | \$0 | \$2,000 | \$0 |
| TOTALS | \$155,370 | \$266,966 | \$280,897 | \$282,499 | \$292,258 |
| UNRESERVED CASH BALANCE | \$93,545 | \$92,394 | \$96,938 | \$76,492 | \$77,748 |

The City of Basehor contracts with Deffenbaugh Industries to provide solid waste collection and single stream curbside recycling utilizing poly-carts. All residences in Basehor receive this service. The transfer to the General Fund allocates the partial salaries for City staff involved in operating the utility. Five percent of the City Administrator, City Clerk/Finance Director, Accounting Clerk and Street Department line staff's salaries are accounted for in this Fund. Fifty percent of the Assistant City Clerk's salary and ten percent of the City Superintendent's salary is accounted for in this Fund.

PUBLIC WORKS DEPARTMENT ORGANIZATIONAL CHART



SEWER FUND

| | 2010 | 2011 | 2012 | 2012 | 2013 |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | Actual | Actual | Budget | Estimate | Budget |
| Beginning of year balance | \$464,249 | \$404,640 | \$430,202 | \$717,426 | \$607,809 |
| REVENUES | | | | | |
| Sewer Charges | \$685,170 | \$1,029,953 | \$1,052,000 | \$1,078,603 | \$1,105,568 |
| 408 Sewer Connection Fees | \$69,729 | \$485,208 | \$110,000 | \$75,000 | \$90,000 |
| 495 Delinquent Fee Collections | \$3,187 | \$43,639 | \$8,000 | \$29,000 | \$8,000 |
| 551 Interest Income | \$908 | \$667 | \$1,000 | \$1,100 | \$1,100 |
| 547 KDHE Loan Proceeds | \$0 | \$141,224 | \$0 | \$0 | \$0 |
| Capital Project Funds | \$253,433 | \$0 | \$0 | \$0 | \$0 |
| 472 Special Assessments | \$0 | \$84,631 | \$72,162 | \$79,677 | \$72,162 |
| TOTAL REVENUE | \$1,012,427 | \$1,785,322 | \$1,243,162 | \$1,263,380 | \$1,276,830 |
| TOTAL AVAILABLE FUNDS | \$1,476,676 | \$2,189,962 | \$1,673,364 | \$1,980,806 | \$1,884,639 |
| TOTAL EXPENDITURES | \$1,179,231 | \$1,522,106 | \$1,379,625 | \$1,372,997 | \$1,397,071 |
| UNRESERVED CASH BALANCE | \$297,445 | \$667,856 | \$293,739 | \$607,809 | \$487,568 |

The Sewer Fund accounts for revenues and expenses related to the provision of sewer services to City residents and customers in adjacent areas. It is classified as an Enterprise Fund rendering services on a user charge basis. The system is a self supporting entity and the accounting must make it possible to demonstrate whether the enterprise is operating operated at a profit or loss. Rates are set based on the cash needs approach with revenues equaling or exceeding budgetary expenditure appropriations which include both capital outlay and debt retirement. Users of the system are charged based on actual water usage during the months of December, January and February.

SEWER FUND

| PERSONNEL | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| 05-009-701 Full Time | \$129,037 | \$112,945 | \$73,225 | \$73,225 | \$79,836 |
| 05-009-704 Overtime | \$4,808 | \$7,273 | \$4,275 | \$4,275 | \$4,275 |
| 05-011-746 Social Security | \$0 | \$0 | \$0 | \$0 | \$0 |
| 05-011-747 Medicare | \$0 | \$0 | \$0 | \$0 | \$0 |
| 05-011-749 Vision Insurance | \$0 | \$0 | \$0 | \$0 | \$0 |
| 05-011-772 Medical/Life Insurance | \$0 | \$0 | \$0 | \$0 | \$0 |
| 05-011-773 Deferred Compensation | \$0 | \$0 | \$0 | \$0 | \$0 |
| 05-011-778 Dental Insurance | \$0 | \$0 | \$0 | \$0 | \$0 |
| 05-711-751 Legal Professional Fees | \$671 | \$811 | \$0 | \$0 | \$0 |
| 05-009-753 Utility Electric | \$90,436 | \$103,401 | \$100,513 | \$102,736 | \$105,818 |
| 05-009-757 Telephone/Fax/Internet Service | \$1,445 | \$1,581 | \$2,000 | \$0 | \$0 |
| 05-009-758 Paging/Wireless | \$1,327 | \$1,718 | \$1,500 | \$0 | \$0 |
| 05-009-761 Vehicle/Equip Maint. & Repair | \$1,745 | \$2,372 | \$2,500 | \$2,400 | \$3,000 |
| 05-009-762 Sludge Waste Removal | \$11,431 | \$19,877 | \$18,500 | \$16,000 | \$18,500 |
| 05-009-765 Engineering Services | \$18,085 | \$0 | \$0 | \$9,500 | \$10,000 |
| 05-009-774 Training | \$827 | \$414 | \$1,500 | \$750 | \$2,000 |
| 05-009-777 Facility Repairs/Maintenance | \$7,878 | \$6,321 | \$10,000 | \$9,500 | \$10,000 |
| 05-009-789 Collection System Maint./Repair | \$26,185 | \$21,132 | \$26,500 | \$24,000 | \$26,500 |
| 05-009-790 Sampling | \$3,637 | \$3,743 | \$4,500 | \$4,000 | \$4,500 |
| 05-009-799 Miscellaneous Contractual | \$5,438 | \$8,431 | \$5,000 | \$10,000 | \$5,000 |
| 05-009-803 General Supplies | \$4,970 | \$5,348 | \$5,000 | \$5,000 | \$5,000 |
| 05-009-804 Gas/Oil/Misc | \$5,629 | \$5,315 | \$6,500 | \$5,900 | \$7,900 |
| 05-009-807 Printed Material/Publications | \$480 | \$218 | \$250 | \$0 | \$500 |
| 05-009-808 Postage & Postal Permit | \$3,372 | \$4,824 | \$4,000 | \$0 | \$800 |
| 05-009-810 Safety Equipment | \$853 | \$0 | \$2,500 | \$2,250 | \$2,500 |
| 05-009-845 New Equipment | \$0 | \$5,995 | \$21,000 | \$19,500 | \$21,000 |
| 05-009-811 Maint. Materials/Supplies | \$1,366 | \$2,778 | \$10,000 | \$10,000 | \$12,500 |
| 05-009-815 Collection System Materials/Supplies | \$392 | \$22 | \$0 | \$0 | \$0 |
| Transfer to General Fund (Wages) | \$0 | \$0 | \$25,088 | \$25,088 | \$47,810 |
| Transfer to Employee Benefit | \$0 | \$52,056 | \$38,880 | \$38,880 | \$47,535 |
| 05-000-865 Capital Improvements | \$121,227 | \$0 | \$5,000 | \$0 | \$0 |
| 05-000-854 Sewer Line Rehabilitation | \$0 | \$118,398 | \$100,000 | \$100,000 | \$100,000 |
| 05-000-901 KDHE Payments | \$737,995 | \$936,692 | \$911,395 | \$909,993 | \$882,098 |
| TOTALS | \$1,179,231 | \$1,421,662 | \$1,379,625 | \$1,372,997 | \$1,397,071 |

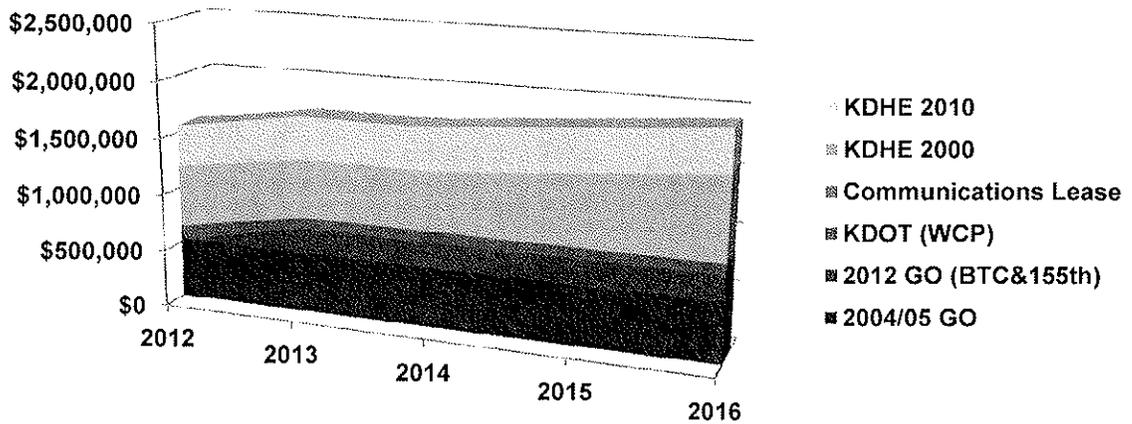
The **Sewer Line Rehabilitation** line item includes \$100,000 to repair and replace infrastructure. The increase in the General Fund transfer more accurately allocates the percentage of wages required to operate the sewer system. Forty percent of the City Superintendent and one half of the Assistant City Clerk's wages are allocated to the Sewer Fund. The full time wages included in the budget account for the two full time wastewater operator positions.

BOND & INTEREST FUND

| | | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|----------------------------------|-----------------------------|----------------|----------------|----------------|------------------|-------------|
| Beginning of year balance | | \$81,613 | \$35,043 | \$277,086 | \$404,894 | \$647,962 |
| REVENUES | | | | | | |
| 460 | Ad Valorem | \$14,100 | \$149,672 | \$94,663 | \$96,531 | \$67,962 |
| 461 & 464 | Delinquent Taxes | \$1,046 | \$10,644 | \$1,000 | \$7,500 | \$5,000 |
| 465 | Neighborhood Revit. | -\$208 | \$0 | \$0 | \$0 | \$0 |
| 466 | (Escape) Tax | \$7 | \$0 | \$0 | \$0 | \$0 |
| 491 | MVT | \$4,217 | \$1,843 | \$16,271 | \$16,271 | \$9,308 |
| 493 | RVT | \$49 | \$21 | \$192 | \$192 | \$108 |
| 496 | 16/20MVT | \$395 | \$64 | \$367 | \$367 | \$157 |
| 470 & 471 | Special Assessments | \$466,744 | \$843,420 | \$527,000 | \$702,000 | \$527,000 |
| 523 | TDD - Sales Tax Revenue | \$0 | \$15,722 | \$0 | \$24,500 | \$40,000 |
| | BTC Assessments | \$0 | \$0 | \$0 | \$0 | \$230,000 |
| 551 | Interest | \$202 | \$485 | \$1,500 | \$1,100 | \$1,500 |
| TOTAL REVENUE | | \$486,551 | \$1,021,871 | \$640,993 | \$848,461 | \$881,035 |
| TOTAL AVAILABLE FUNDS | | \$568,164 | \$1,056,914 | \$918,079 | \$1,253,356 | \$1,528,997 |
| EXPENDITURES | | | | | | |
| 860/862 | 2004 & 2005 GO Bonds | \$531,121 | \$536,822 | \$533,646 | \$533,346 | \$529,540 |
| 880 | KDOT TRF125 Refi. Payment | \$0 | \$115,306 | \$115,668 | \$69,128 | \$89,624 |
| | 2012 GO Bonds (BTC & 155th) | \$0 | \$0 | \$0 | \$0 | \$231,333 |
| | Neighborhood Revitalization | \$0 | \$1,896 | \$2,920 | \$2,920 | \$3,500 |
| | Future Debt Service | \$0 | \$0 | \$50,000 | \$0 | \$675,000 |
| TOTAL EXPENDITURES | | \$531,121 | \$654,024 | \$702,234 | \$605,394 | \$1,528,997 |
| UNRESERVED CASH BALANCE | | \$37,043 | \$402,890 | \$215,845 | \$647,962 | \$0 |
| MILL LEVY INFORMATION | | | | 2012 | 2013 | |
| FUND REQUIREMENTS | | | | \$94,663 | \$67,962 | |
| ADD FOR DELINQUENT TAXES | | | | 7% | 5% | |
| TOTAL AD VALOREM | | | | \$101,289 | \$71,360 | |
| RATE OF LEVY IN MILLS | | | | 2.033 | 1.457 | |

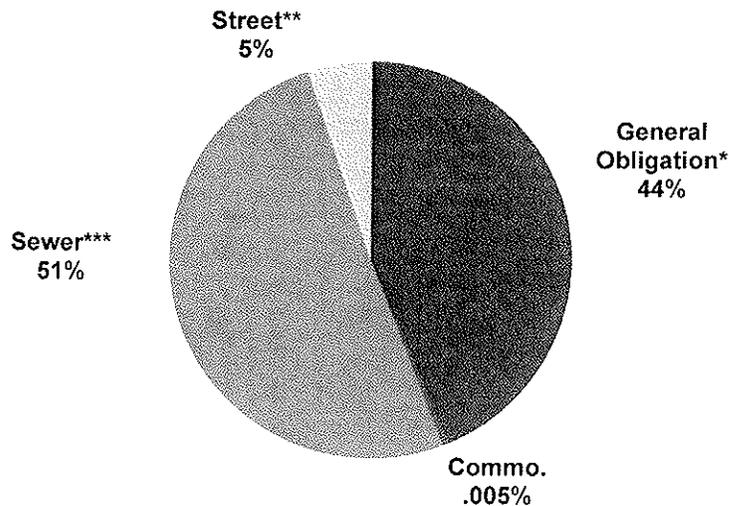
The Bond & Interest Fund is used to account for the payment of principal and interest on long term general obligation debts. KSA 79-2930 allows up to an additional 5% for delinquent taxes over the actual delinquency rate. In 2012 the City will refinance the KDOT125. The 2012 GO Bond also includes the BTC project which will be retired through the use of special assessments. The **Future Debt Service** line item will be utilized for future financing capacity and protection against default if revenues are not collected as anticipated.

Anticipated Annual Debt Service Schedule



| | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2004/05 GO | \$533,346 | \$529,540 | \$529,600 | \$525,230 | \$524,903 |
| Prelim. 2012 GO (BTC&155th) | | \$225,744 | \$226,080 | \$228,180 | \$225,180 |
| Prelim. KDOT (WCP) | \$115,667 | \$89,624 | \$92,780 | \$91,480 | \$90,180 |
| Communications Lease | \$8,826 | \$8,829 | \$8,808 | \$8,772 | \$8,819 |
| Prelim. KDHE 2000 | \$540,000 | \$513,056 | \$513,082 | \$619,382 | \$723,382 |
| KDHE 2010 | \$369,993 | \$368,591 | \$368,591 | \$368,591 | \$368,591 |
| | \$1,567,832 | \$1,735,384 | \$1,738,941 | \$1,841,635 | \$1,941,055 |
| Year to Year Diff. | | 10% | 0% | 6% | 5% |

2013 Debt Service By Type



*The City's General Obligation debt is primarily funded by special assessments.

** The Wolf Creek Parkway project is partially subsidized through a .75% Transportation Development District sales tax.

***Sewer debt service is funded through user fees.

EMPLOYEE BENEFIT

| | | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|--------------------------------|-----------------------------|----------------|----------------|-------------|------------------|----------------|
| Beginning of year balance | | | \$1 | \$1,392 | \$48,282 | \$92,334 |
| REVENUES | | | | | | |
| 460 | Ad Valorem | | \$446,021 | \$400,000 | \$400,000 | \$355,169 |
| 461/464 | Delinquent | | \$6,049 | \$750 | \$3,000 | \$2,500 |
| | MVT | | \$0 | \$48,486 | \$48,486 | \$39,332 |
| | RVT | | \$0 | \$572 | \$572 | \$455 |
| | 16/20MVT | | \$0 | \$1,093 | \$1,093 | \$664 |
| 551 | Interest | | \$40 | \$150 | \$150 | \$100 |
| 675 | Transfer From Solid Waste | | \$11,085 | \$13,373 | \$13,373 | \$16,294 |
| 672 | Transfer From Sewer | | \$52,056 | \$38,880 | \$38,880 | \$47,535 |
| TOTAL REVENUE | | | \$515,251 | \$503,304 | \$505,554 | \$462,048 |
| TOTAL AVAILABLE FUNDS | | | \$515,252 | \$504,696 | \$553,836 | \$554,382 |
| EXPENDITURES | | | | | | |
| | Neighborhood Revitalization | | \$0 | \$8,230 | \$8,230 | \$10,000 |
| 746 | Social Security | | \$72,481 | \$77,100 | \$71,000 | \$82,734 |
| 747 | Medicare | | \$16,951 | \$18,000 | \$16,000 | \$19,349 |
| 748 | KS Unemployment Tax | | \$28,525 | \$9,700 | \$10,000 | \$10,408 |
| 749 | Employee Vision | | \$3,323 | \$4,000 | \$3,750 | \$4,622 |
| 772 | EE Medical | | \$134,565 | \$160,000 | \$146,372 | \$165,859 |
| 773 | EE Deferred Compensation | | \$96,951 | \$72,000 | \$64,000 | \$79,528 |
| 737 | Work Comp | | \$22,632 | \$36,000 | \$40,000 | \$38,925 |
| 778 | EE Dental Insurance | | \$6,882 | \$9,700 | \$9,900 | \$13,296 |
| 786 | KS Police/Fireman | | \$72,654 | \$87,000 | \$85,000 | \$96,335 |
| 744 | Short Term Disability | | \$3,186 | \$3,800 | \$3,500 | \$4,082 |
| 746 | Long Term Disability | | \$2,697 | \$3,100 | \$2,800 | \$3,256 |
| 740 | Life and AD&D | | \$808 | \$1,000 | \$950 | \$988 |
| 742 | Payroll Vendor | | \$5,327 | \$0 | \$0 | \$0 |
| 847 | Cash Reserve/Contingency | | \$0 | \$0 | \$0 | \$25,000 |
| TOTAL EXPENDITURES | | | \$466,982 | \$489,630 | \$461,502 | \$554,382 |
| UNRESERVED CASH BALANCE | | | \$48,270 | \$15,066 | \$92,334 | \$0 |

MILL LEVY INFORMATION

| | 2012 | 2013 |
|--------------------------|-----------|-----------|
| FUND REQUIREMENTS | \$400,000 | \$355,169 |
| ADD FOR DELINQUENT TAXES | 7% | 5% |
| TOTAL AD VALOREM | \$428,000 | \$372,927 |
| RATE OF LEVY IN MILLS | 8.590 | 7.612 |

KSA 12-16,102 authorizes the establishment of an employee benefit fund. KSA 79-2930 allows up to an additional 5% for delinquent taxes over the actual delinquency rate. The cost of employee benefits for all City employees are included in one fund to allow a clear reporting of the total cost to the City for providing those benefits. This Fund has not included a contingency line item in the past. These funds will be used as a stop gap measure if revenues are not collected as anticipated as well as a cushion against future increases. The Payroll Vendor expense has been moved to the Human Resources Department in the General Fund.

CONSOLIDATED HIGHWAY FUND

ACCOUNT: 10-000

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Beginning of year balance | \$1,726,181 | \$1,920,341 | \$1,294,201 | \$2,020,285 | \$2,090,995 |
| REVENUES | | | | | |
| State of Kansas Gas Tax | \$115,818 | \$117,503 | \$121,040 | \$121,040 | \$120,060 |
| County Transfer Gas Tax | \$10,187 | \$11,354 | \$13,170 | \$13,170 | \$14,460 |
| Excise/Impact Fees | \$21,636 | \$26,277 | \$34,000 | \$32,000 | \$34,000 |
| 452/456 Local Sales and Use Tax | \$288,778 | \$237,531 | \$280,000 | \$250,000 | \$255,000 |
| Miscellaneous | \$0 | \$0 | \$0 | \$0 | \$0 |
| Transfer from General Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest on Idle Funds | \$2,658 | \$2,256 | \$3,200 | \$2,500 | \$2,500 |
| TOTAL REVENUE | \$439,076 | \$394,921 | \$451,410 | \$418,710 | \$426,020 |
| TOTAL AVAILABLE FUNDS | \$2,165,257 | \$2,315,262 | \$1,745,611 | \$2,438,995 | \$2,517,015 |
| 849 Pavement Management Plan | \$201,494 | \$226,334 | \$175,000 | \$175,000 | \$350,000 |
| Street CIP Projects | \$0 | \$0 | \$250,000 | \$0 | \$250,000 |
| 765 Contractual Services | \$11,751 | \$0 | \$0 | \$0 | \$0 |
| 771 Street Repairs & Maintenance | \$22,156 | \$21,099 | \$230,000 | \$120,000 | \$230,000 |
| 799 Misc. Contractual Services | \$1,941 | \$4,268 | \$10,000 | \$10,000 | \$10,000 |
| 811 Maintenance Materials/Supplies | \$7,573 | \$24,313 | \$50,000 | \$43,000 | \$50,000 |
| TOTAL EXPENDITURES | \$244,916 | \$276,014 | \$715,000 | \$348,000 | \$890,000 |
| UNRESERVED CASH BALANCE | \$1,920,341 | \$2,039,248 | \$1,030,611 | \$2,090,995 | \$1,627,015 |

The Consolidated Highway Fund is used for street maintenance and repair, the pavement management plan, as well as salt and sand. The **Street Repairs & Maintenance** line item will allow for the continuation of the Pavement Management Program which in the past has funded the paving of approximately one linear mile of Basehor streets per year. Staff is recommending \$350,000 be used for this purpose in 2013. Utilizing a new chip seal paving method approximately seven (7) miles or 15% of the City's streets could be resurfaced. The City established a Pavement Condition Index in 2008 which is used to determine which streets are resurfaced. The Pavement Condition Index, developed by the United States Army Corps of Engineers, is a numerical index between 0 and 100 and is used to indicate the condition of a roadway. It is a statistical measure and requires a manual survey of the pavement. The **Maintenance Materials/Supplies** line item includes items such as salt, sand and street signs. The **Street Repairs and Maintenance** line item is used for any unforeseen street repairs that may be required during the course of the year or for larger street replacement projects not included in the pavement management plan.

SPECIAL PARK & REC FUND

ACCOUNT: 04-000

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|--------------------------------|----------------|----------------|----------------|------------------|----------------|
| Beginning of year balance | \$159,898 | \$166,804 | \$121,554 | \$121,307 | \$93,403 |
| REVENUES | | | | | |
| Local Liquor Tax | \$7,881 | \$11,742 | \$8,896 | \$8,896 | \$8,839 |
| Parkland Fee | \$1,400 | \$3,000 | \$1,500 | \$3,000 | \$3,500 |
| Interest on Investments | \$195 | \$161 | \$250 | \$200 | \$200 |
| Miscellaneous | \$0 | | 0 | | |
| TOTAL REVENUE | \$9,476 | \$14,903 | \$10,646 | \$12,096 | \$12,539 |
| TOTAL AVAILABLE FUNDS | \$169,374 | \$181,707 | \$132,200 | \$133,403 | \$105,942 |
| EXPENDITURES | | | | | |
| Park Maintenance & Repair | \$2,570 | \$4,820 | \$10,000 | \$10,000 | \$10,000 |
| Field of Dreams | \$0 | \$1,800 | \$15,000 | \$30,000 | \$30,000 |
| Capital Outlay | \$0 | \$53,780 | \$0 | \$0 | \$7,500 |
| TOTAL EXPENDITURES | \$2,570 | \$60,400 | \$25,000 | \$40,000 | \$47,500 |
| UNRESERVED CASH BALANCE | \$166,804 | \$121,307 | \$107,200 | \$93,403 | \$58,442 |

This Fund is used to account for parks and recreation expenditures funded from the State liquor tax and City Parkland fees. These monies may only be used for park and recreation improvements and maintenance. The **Field of Dreams** line item for 2013 includes: concrete and garage door replacement for maintenance building, irrigation for baseball and football fields and the replacement or repair of the sewer system on the south building. The **Capital Outlay** line item includes: soil aerator, leaf bagger, large weed sprayer, and seeder.

CAPITAL IMPROVEMENT FUND

ACCOUNT: 12-000

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|------------------------------------|----------------|----------------|-------------|------------------|----------------|
| Beginning of year balance | \$1,346,875 | \$1,290,286 | \$1,256,286 | \$1,343,996 | \$1,390,696 |
| REVENUE | | | | | |
| Transfer From General Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| 452/456 Local Sales/Use Tax | \$288,778 | \$50,541 | \$65,000 | \$60,000 | \$62,000 |
| Interest on Idle Funds | \$1,770 | \$1,481 | \$1,100 | \$1,700 | \$1,800 |
| TOTAL REVENUE | \$290,548 | \$52,023 | \$66,100 | \$61,700 | \$63,800 |
| TOTAL AVAILABLE FUNDS | \$1,637,423 | \$1,342,309 | \$1,322,386 | \$1,405,696 | \$1,454,496 |
| EXPENDITURES | | | | | |
| 12-000-850 Capital Outlay | \$399,976 | -\$1,687 | \$0 | \$15,000 | \$20,000 |
| TOTALS | \$399,976 | -\$1,687 | \$0 | \$15,000 | \$20,000 |
| UNRESERVED CASH BALANCE | \$1,237,447 | \$1,343,996 | \$1,322,386 | \$1,390,696 | \$1,434,496 |

This Fund is used to account for resources that are used for acquiring or significantly improving capital facilities (roads, buildings, etc.), except for those facilities that are financed by special assessment funds and enterprise funds. No projects were budgeted for in 2012 although the repair of the Pinehurst roundabout is anticipated. \$20,000 has been budgeted in 2013 for sidewalk maintenance and replacement. If Council chooses in 2013, to pursue a new municipal building this Fund could be utilized with a budget amendment.

**CEDAR LAKE
MAINTENANCE FUND**
ACCOUNT: 07-001

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|---|----------------|----------------|----------------|------------------|----------------|
| Beginning of year balance | \$23,442 | \$26,689 | \$9,209 | \$10,321 | \$1,341 |
| REVENUES | | | | | |
| Assessed Fees | \$9,669 | \$20,001 | \$31,000 | \$31,000 | \$40,000 |
| Interest on Idle Funds | \$43 | \$15 | \$20 | \$20 | |
| TOTAL REVENUE | \$9,712 | \$20,015 | \$31,020 | \$31,020 | \$40,000 |
| TOTAL AVAILABLE FUNDS | \$33,154 | \$46,704 | \$40,229 | \$41,341 | \$41,341 |
| EXPENDITURES | | | | | |
| 01-001-799 Miscellaneous Contractual | \$26,442 | \$36,384 | \$40,000 | \$40,000 | \$40,000 |
| TOTAL EXPENDITURES | \$26,442 | \$36,384 | \$40,000 | \$40,000 | \$40,000 |
| UNRESERVED CASH BALANCE | \$6,712 | \$10,321 | \$229 | \$1,341 | \$1,341 |

The Cedar Lake Maintenance Fund is to be used for expenses related to ongoing sewer operations in the Cedar Lake Estates sewer district. In 2011 and 2012 fees were increased to more closely reflect actual needs and expenditures.

**SEWER DISTRICT #3
MAINTENANCE FUND**

ACCOUNT: 07-001

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|--------------------------------------|----------------|----------------|-------------|------------------|----------------|
| Beginning of year balance | | \$0 | \$0 | \$9,403 | \$9,528 |
| REVENUES | | | | | |
| Assessed Fees | | \$9,400 | \$33,000 | \$33,000 | \$33,000 |
| Interest on Idle Funds | | \$0 | \$0 | \$125 | \$125 |
| TOTAL REVENUE | | \$9,400 | \$33,000 | \$33,125 | \$33,125 |
| TOTAL AVAILABLE FUNDS | | \$9,400 | \$33,000 | \$42,528 | \$42,653 |
| EXPENDITURES | | | | | |
| 01-001-799 Miscellaneous Contractual | | | \$33,000 | \$33,000 | \$33,000 |
| TOTAL EXPENDITURES | | | \$33,000 | \$33,000 | \$33,000 |
| UNRESERVED CASH BALANCE | | | \$0 | \$9,528 | \$9,653 |

The Sewer District #3 Maintenance Fund is to be used for expenses related to maintenance in the sewer district. This was a new fund for 2012 as the City has absorbed this district from Leavenworth County as part of a Kansas Department of Health & Environment (KDHE) mandated sewer connection project.

MUNICIPAL EQUIP RESERVE FUND (MERF)

ACCOUNT: 11-000

| | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Estimate | 2013 Budget |
|--------------------------------|----------------|----------------|----------------|------------------|----------------|
| Beginning of year balance | \$286,227 | \$340,555 | \$320,722 | \$321,272 | \$382,280 |
| REVENUES | | | | | |
| Transfer from General Fund | \$69,000 | \$69,518 | \$69,518 | \$69,518 | \$72,283 |
| Transfer from Sewer Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| 551 Interest on Investments | \$372 | \$317 | \$350 | \$330 | \$375 |
| TOTAL REVENUE | \$69,372 | \$69,835 | \$69,868 | \$69,848 | \$72,658 |
| TOTAL AVAILABLE FUNDS | \$355,599 | \$410,390 | \$390,590 | \$391,120 | \$454,938 |
| EXPENDITURES | | | | | |
| Capital Outlay | \$15,044 | \$89,119 | \$8,840 | \$8,840 | \$84,884 |
| TOTAL EXPENDITURES | \$15,044 | \$89,119 | \$8,840 | \$8,840 | \$84,884 |
| UNRESERVED CASH BALANCE | \$340,555 | \$321,272 | \$381,750 | \$382,280 | \$370,054 |

Kansas statutes provide that any Governing Body of any city may provide, by adoption of an Ordinance, for a Municipal Equipment Reserve Fund to finance the acquisition of equipment. Moneys may be budgeted and transferred to such fund from any source which may be lawfully utilized for such purposes, including equipment use charges on the various departments and agencies of the City to finance new and replacement equipment. Equipment includes machinery, vehicles and any other equipment or property including, but not limited to, computer hardware and software, which the city is authorized to purchase for municipal purposes. Transfers to this Fund are calculated based on the Fleet Replacement Schedule with each Fund covering its own projected depreciation. By following the transfer schedule the City should be able to avoid single year budget increases. Expenditures from this Fund do not require budgeting as it is a Reserve Fund. The Police Department radio communications system was the only budgeted expenditure in 2012. The City's adopted 2013 MERF expenditures includes the radios as well as two Police Department patrol vehicles.

City of Basehor Special Meeting Memorandum Item No. 4

Date: August 1, 2012

To: Basehor Mayor & City Council
Lloyd Martley, Interim City Administrator

From: Corey Swisher, City Clerk/Finance Director

Re: 2013 Operating Budget Consideration

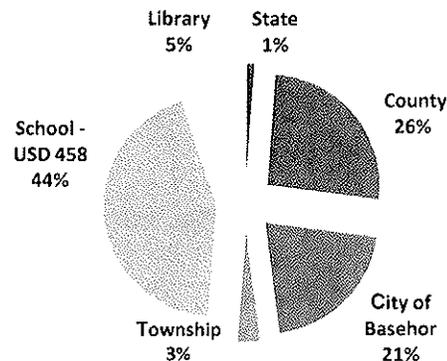
Background and Highlights:

Pursuant to Kansas Statutes, City staff respectfully submits a proposed budget for the City's fiscal year commencing January 1, 2013. The primary purpose of the City's budget and budgeting process is to develop, adopt, and implement a plan for accomplishing goals for the upcoming year with given constraints. The 2013, Budget has been designed to be consistent with the long-term vision of the City and the overriding objectives of maintaining a responsive and financially stable position while providing efficient and high quality service levels.

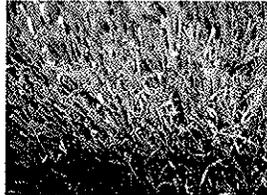
The proposed budget is based on a 29.341 mill levy. This is approximately .255% less than the 2012 levy which will require \$37,100 less in ad valorem property tax over the prior year. The City's current levy was reduced .182 from 2011. It is very encouraging that the City is in a position to continue to reduce the mill levy. The City of Basehor's tax rate will account for approximately 21% of a property owner's total property tax bill. Other entities proposed tax rates include the State of Kansas (1.500 mills), Leavenworth County (36.513 mills), USD #458 (61.500 mills), Basehor Library (7.138 mills) and Fairmount Township/Fire Protection (4.593 mills). The Governing Body's policy of minimizing and reducing the tax burden for Basehor taxpayers has resulted in a City property tax rate which remains comparable and competitive to those in other cities in Leavenworth Country and the greater Kansas City Metropolitan Area.

**Proposed 2013 Total Basehor Mill Rate By
Taxing Entity**

| Taxing Entity | 2011 | 2012 | Proposed 2012 |
|-----------------------|---------------|----------------|------------------|
| State of Kansas | 1.500 | 1.500 | 1.500 |
| Leavenworth County | 33.085 | 35.513 | 36.513 |
| City of Basehor | 29.778 | 29.596 | 29.341 |
| Fairmount Township | 4.352 | 4.508 | 4.593 |
| School - USD 458 | 61.012 | 61.500 | 61.500 |
| Basehor Library | 7.138 | 7.138 | 7.138 |
| Total | 136.87 | 139.755 | 140.585 |



The 2013 Proposed Budget continues to make investments in transportation and sewer system infrastructure as well as public facilities and the community in general. The City will continue and exponentially expand the annual pavement management plan. Staff has recommended \$350,000 be used for pavement management in 2013. Utilizing a new chip seal paving method approximately seven (7) miles or 15% of the City's streets could be resurfaced. The City



currently resurfaces approximately one mile of roads annually. In regard to the City's sewer system approximately \$100,000 of remediation is undertaken each year. Recommendations have also been made to purchase equipment that will enhance the City's turf maintenance program at City Park and the Field of Dreams Athletic Complex. The City currently maintains approximately 24 acres of park turf. Continued capital improvements to the Field of Dreams are also included in the proposed budget. Perhaps the most prominent improvement will be the installation of an underground sprinkler system for the facilities fields. Council has also included the continuation of Care Council funding in the proposed budget. These resources are used to assist various non-profit organizations that benefit Basehor residents. The City will also utilize the City's Consolidated Highway and Kansas Department of Transportation Corridor Funds to extend Wolf Creek Parkway and begin the process of making improvements at the intersections of the 24/40 Highway at 155th and 158th. The 2013 Proposed Budget includes no staffing changes from 2012.

City Council Priorities:

The Governing Body and City staff conducted a planning retreat early in May of 2012. The following assumptions and priorities were identified and directed to be incorporated into the 2013 Budget:

- Construct a sound budget using conservative revenue estimates.
- Control expenses and maintain a level mill levy.
- Maintain quality public safety services.
- Promote economic development within the City.
- Continue infrastructure improvements which will preserve and enhance property values.
- Provide fair compensation and benefits to City staff.

Proposed Budget:

1. Valuation

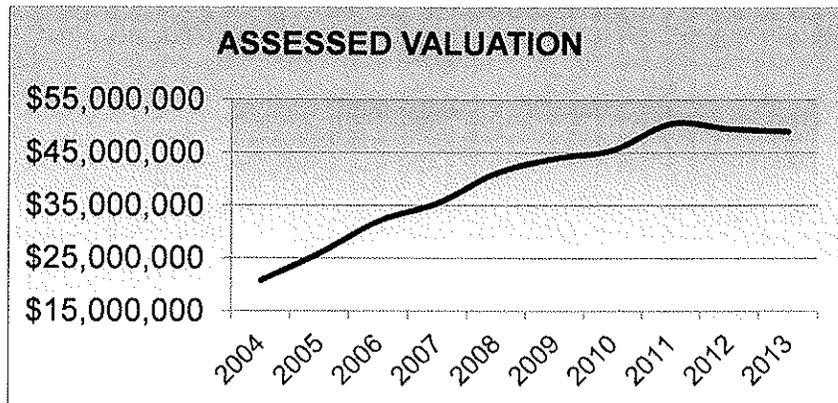
When the Basehor City Council develops the annual operating budget, they must use the prior years' valuation to estimate what the mill levy must be set at in order to generate the revenue needed to meet budgeted expenditures. For example, the 2012 budget is based off of the valuation of property in Basehor from 2011. The 2011 Budget used 2010 valuation figures, and so on. The 2012 levy was calculated using an estimated 2011 assessed valuation of \$49,823,218.

The Leavenworth County Clerk's preliminary assessed City valuation for the 2013 Budget is \$48,991,799. This represents a 1.67% year to year decrease. Valuations are finalized in October, at which time; the Leavenworth County Clerk will adjust the mill levy, up or down, based on the direction of the final assessed valuation. A higher actual assessed valuation

determination in October will result in a lower mill levy rate and a lower assessment will result in a higher mill levy. Historically speaking, the County Clerk's preliminary valuation report is very conservative.

2004-2013 City Valuation

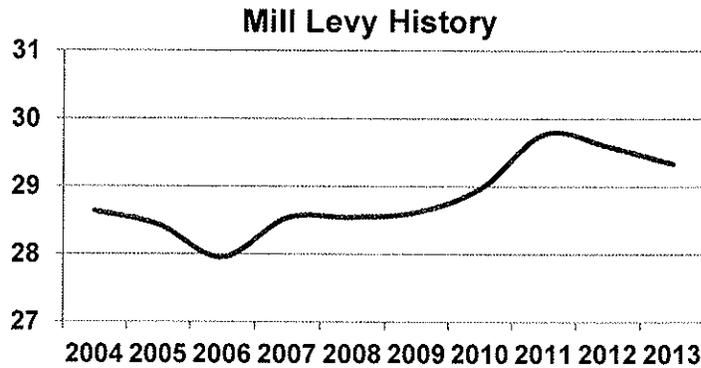
| | YEAR | Total |
|-------------|-------------|---------------------|
| | 2004 | \$20,773,023 |
| | 2005 | \$25,907,753 |
| | 2006 | \$32,041,578 |
| | 2007 | \$35,473,155 |
| | 2008 | \$41,143,071 |
| | 2009 | \$43,924,056 |
| | 2010 | \$45,550,427 |
| | 2011 | \$50,502,675 |
| | 2012 | \$49,543,124 |
| Preliminary | 2013 | \$48,991,799 |



The City has been able to maintain a relatively level mill levy with the variance being limited to around two mills over the past decade. The City's mill levy has only increased 2.45% in the past ten years.

CITY OF BASEHOR MILL LEVY HISTORY 2004-2013

| Year | Total | General | Debt Service | Employee Benefit |
|----------------------|---------------|---------------|--------------|------------------|
| 2004 | 28.639 | 28.490 | 0.149 | |
| 2005 | 28.437 | 28.289 | 0.148 | |
| 2006 | 27.959 | 27.959 | 0.000 | |
| 2007 | 28.536 | 28.536 | 0.000 | |
| 2008 | 28.547 | 25.340 | 3.207 | |
| 2009 | 28.621 | 27.953 | 0.668 | |
| 2010 | 28.976 | 28.640 | 0.336 | |
| 2011 | 29.778 | 17.440 | 3.100 | 9.238 |
| 2012 | 29.596 | 18.974 | 2.032 | 8.590 |
| Proposed 2013 | 29.341 | 20.274 | 1.455 | 7.612 |



| | Cost to the Homeowner | | | | | |
|---------------------|------------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2013 Proposed | 2012 | 2011 | 2010 | 2009 | 2008 |
| Home Value | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 |
| Appraised Valuation | \$23,000 | \$23,000 | \$23,000 | \$23,000 | \$23,000 | \$23,000 |
| Tax per mill | \$23 | \$23 | \$23 | \$23 | \$23 | \$23 |
| City Mill Levy | 29.341 | 29.597 | 29.778 | 28.64 | 27.953 | 28.547 |
| City Property Tax | \$674.84 | \$680.74 | \$684.89 | \$658.72 | \$642.92 | \$656.58 |
| Change | -\$5.90 | -\$4.16 | \$26.17 | \$15.80 | -\$13.66 | |

1. Current Cash and Revenue Positions:

Cash Balances:

The City's 2012, beginning Fund cash balances were very encouraging. The General Fund's 2012 beginning cash balance represented 15% of budgeted expenditures whereas that number in 2011 was nine percent. In 2013, that number is anticipated to be approximately 20%. Entering the budgeting process all of the City's Funds maintain healthy balances. It is believed that the gradual recovery of the economy has helped stabilize property tax and special assessment collections. The City's Solid Waste Fund did see a negative year over year difference due to increased solid waste and recycling costs as well as updated labor allocation expenses. It is critical that adequate fund balance reserves are kept to meet unexpected operating or capital demands and to cover any unanticipated revenue shortfalls.

BEGINNING ANNUAL CASH BALANCE BY FUND

| Fund | 2010 Actual | 2011 Actual | 2012 Budget | 2012 Actual | % diff. b/n Budget & Actual |
|------------------------------|----------------|----------------|----------------|----------------|---|
| General | \$419,077 | \$155,776 | \$172,333 | \$314,079 | 45% |
| Special Parks and Recreation | \$159,898 | \$166,804 | \$121,554 | \$121,307 | 0% |
| Consolidated Highway | \$1,726,181 | \$1,920,341 | \$1,294,201 | \$2,020,285 | 36% |
| Capital Improvement | \$1,346,875 | \$52,023 | \$1,256,286 | \$1,343,996 | 7% |
| MERF | \$286,227 | \$321,272 | \$320,722 | \$321,272 | 0% |
| Bond and Interest | \$81,613 | \$35,043 | \$61,741 | \$404,894 | 85% |
| Sewer | \$464,249 | \$404,640 | \$560,541 | \$717,426 | 22% |
| Solid Waste | \$71,534 | \$88,375 | \$98,602 | \$72,993 | -35% |
| Cedar Lake Maintenance | \$23,442 | \$26,689 | \$9,209 | \$10,321 | 11% |
| Employee Benefit | \$0 | \$1 | \$1,392 | \$48,282 | 97% |
| | \$4,579,096 | \$3,170,964 | \$3,896,581 | \$5,374,855 | 28% |

Budget Format and Fund Explanations:

The use of fund accounting is one of the major differences between governmental and commercial accounting. It requires separate record keeping for each individual fund. Each fund operates as a self-contained entity with its own revenue sources, expenses, assets, liabilities and fund balance. Even though the actual cash is contained in one bank account, "separate accounting" is kept of all funds.

According to state law, the budget must be balanced for each fund. ***The final budget adopted by the City Council must be a balanced budget, where total resources equal total obligations.*** The State Budget Law prohibits a budget which projects spending in excess of available resources. The Budget Law further prohibits unappropriated balances in funds supported by general tax levies.

Separate funds are maintained for specific purposes and projects in accordance with state law, the State Division of Accounts and Reports, Department of Administration, bond covenants, tax levies, commitments for grants and ordinances and resolutions passed by the City Council.

General Fund:

The General Fund is the primary operating fund for any city as it is available for any legally authorized purpose except those required to be accounted for in another fund. The General Fund's primary revenue source is ad valorem property tax. This is a general tax on all real and personal property not exempt from taxation by law. It is sometimes called an "ad valorem" tax, meaning that the tax is based on the value of the property.

The City's 2013 General Fund Budget is based on the assumption of a 67% greater beginning cash balance than that which was anticipated in 2012. The proposed 25% percentage increase in expenditures offsets this increase in cash balance and revenues. Cash balances plus anticipated revenues must equal budgeted expenditures. Please note that budgeted authority does not mean funds are required to be expended or will be expended. Remaining funds will be utilized in the 2014, budget process as cash carryover and serve as budget stabilization resources. The proposed General Fund Budget does include Council directed salary adjustments for some positions (primarily law enforcement) and an across the board two percent cost of living increase.

Governing Body Department:

The Governing Body Department primarily accounts for elected officials salaries and minimal day to day expenses. The Capital & Operating line item accounts for funds intended for the use of potential capital purchases and expenses associated with capital purchases along with anticipated City liabilities.

City Administrator Department:

This Department accounts for the salary and day to day operating expenses for the City Administrator. The Department is composed of one employee. The Contingency line item is budgeted for unexpected expenses that occur throughout the year with no ability to budget for them.

City Clerk/Finance Department:

The City Clerk/Finance Department is used to account for many required city-wide expenses along with the salaries of the three full-time and one part-time employee. The Legal Fees line item has been increased to more accurately reflect recent legal expense trends. The Accounting and Auditing line item reflects the continued use of a GAAP compliant independent external audit for the 2012 fiscal year. No other significant variances are included in the budget.

Human Resources Department:

The Human Resources Department is utilized to account for city-wide employee related expenses. The increase in the 2012 estimate and the proposed 2013 budget is due to the inclusion the City's payroll processing vendor expense.

Street Department:

The City's Street Department is responsible for maintaining approximately 48 miles of roadway. No significant variances are anticipated other than the inclusion of a utility vehicle purchase which would be accounted for in the Capital Outlay line item. This utility vehicle would be utilized for city-wide operations including maintenance of the

City's two parks. Turf management implement costs for the utility vehicle have been accounted for in the City's Special Parks and Recreation Fund.

Police Department:

The Basehor Police Department coordinates public safety efforts throughout the City. No significant variances exist other than Council directed salary adjustments for uniformed officers.

City Facilities Department:

This Department is utilized to account for City facility utility expenses and required services that benefit the City as a whole. The only significant variance is the reduction in utility costs associated to street lighting. A grant made possible by City staff and the Mid-America Regional Council (MARC) provide for the installation of several hundred energy efficient LED (light emitting diode) street lights. As the year continues a more measurable estimate of cost savings will become available.

Parks & Recreation Department:

This department is predominantly used to fund Field of Dreams youth athletic programming rebates. The Part-Time personnel line item is utilized to account for temporary summer help who assists in the maintenance of City parks throughout the summer during their heaviest usage.

Planning & Zoning Department:

The Department is utilized to account for the salaries of two employees and the cost associated with providing engineering, various inspections and code enforcement throughout the City. The Professional Services line item will account for required professional services which are beyond the scope or time constraints of the Department. Forty percent of the City's Code Enforcement/Building Inspector position are offset by an agreement with the City of Tonganoxie.

Miscellaneous Department:

This Department is primarily utilized to account for a transfer from the General Fund to the Municipal Equipment Reserve Fund. This transfer is dictated by a city-wide equipment depreciation and replacement schedule.

Solid Waste Fund:

All residences within City limits are required to utilize City provided solid waste and single stream recycling. These services are provided through a contract with Deffenbaugh Industries (through December 31, 2014). This Fund is used to account for the management of those operations. This Fund is classified as an enterprise fund rendering services on a user charge basis. The current monthly residential service charge for solid waste removal and single stream recycling is \$14.03 per month. Five percent of the City Administrator, City Clerk/Finance Director, Accounting Clerk and Street Department line staff's salaries are allocated to this Fund. Fifty percent of the Assistant City Clerk's salary and ten percent of the City Superintendent's salary is allocated to this Fund. These personnel expenses are reflected in the budgeted transfer to the General Fund.

Sewer Fund:

The Sewer Fund accounts for revenues and expenses related to the provision of sanitary sewer services to City residents and customers in adjacent areas. It is classified as an enterprise fund rendering services on a user charge basis. The current sewer charge per 1,000 gallons is

\$10.88. This charge will increase 2.5% on January 1, 2013, to facilitate the retirement of debt obligations. Forty percent of the City Superintendent and one half of the Assistant City Clerk's wages are allocated to the Sewer Fund. The full time wages included in the budget account represent the two full time wastewater operator positions.

The Sewer Fund includes the debt service for two Kansas Department of Health and Environment (KDHE) loans associated with the construction of the City's waste water treatment facility. The City collects user fees in order to pay for sewer operations and the debt service. Approximately 70% of current user fees are required for debt service. The 2012, refinancing of a 2000 KDHE loan is however anticipated to save the City approximately \$25,000 per year in debt service. In the event that sewer system revenues are insufficient to meet the obligations under loan agreements, the City will be required to levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the City to produce the amounts necessary for the payment of the obligations under the loan agreements. Current growth and usage forecasts demonstrate adequate resources through 2015.

Bond & Interest Fund:

The Bond & Interest Fund is used to account for the payment of interest and principal on long term general obligation debts. This fund's primary revenue sources are special assessments and ad valorem property tax. This Fund reflects the addition of the Basehor Town Center and 155th Street Benefit District improvement debt service. This debt service will be retired through special assessments paid by property owners within the two districts. The City is a property owner in both districts. Prior to finalizing this budget the City will determine its portion of the special assessments that will be required to retire the debt on the Basehor Town Center and 155th Street Benefit Districts. The Future Debt Service line item in this budget will be utilized for future refinancing capacity in 2013 and protection against default if revenues are not collected as anticipated. The City has not yet determined the sustained impact of the new Wolf Creek retailer on the City's overall collections. The new retailer is however generating Transportation Development District (TDD) sales tax and \$5,977 has been collected year-to-date. This .75% additional sales tax is used to offset the construction costs and debt service for Wolf Creek Parkway. This tax was originally intended to offset the costs for the entire project. That scenario has yet to come to fruition. However current and future TDD collections will reduce the City's current reliance on strictly ad valorem property tax to service this debt.

Employee Benefit Fund:

KSA 12-16,102 authorizes the establishment of an employee benefit fund. This Fund is utilized to account for employee benefits and is supported by ad valorem property tax. Due to employee attrition the City's Employee Benefit Fund began FY2012 with a \$48,000 balance. Subsequently a reduction in this Funds 2013 levy was possible. The Cash Reserve/Contingency line item has been included for future budget stabilization purposes in the event of significant increases in health care costs.

Consolidated Highway Fund:

The Consolidated Highway Fund is used for street maintenance and repair, the pavement management plan, as well as salt and sand. City sales tax and gas tax are the primary resources for the fund. The gas tax is derived from a state tax on motor vehicle fuel and special fuel sales. The tax is apportioned to the County and cities based on statutory formulas. The cities portion is determined on a per capita basis. This Fund is used to pay for the annual pavement improvement program and will be used to provide matching resources for the City's three KDOT grants. Staff is recommending \$350,000 be used for pavement management in

2013. Utilizing a new chip seal paving method approximately seven (7) miles or 15% of the City's streets could be resurfaced. The City currently resurfaces approximately one mile of roads annually.

Special Park and Recreation Fund:

This Fund is used to account for parks and recreation expenditures funded from the State liquor tax receipts and City Parkland fees. The State levies a 10% surtax on the sale of all alcoholic beverages sold by any club, caterer, or drinking establishment. 70% of the taxes paid within City limits are returned to the respective cities and must be divided between the General and Special Parks & Recreation Funds. This fund is dedicated for the purchase, establishment, maintenance or expansion of park and recreational services, programs, and facilities. This Fund has been the primary resource for the recent Field of Dreams Improvements. The Field of Dreams line item for 2013 includes: concrete and garage door replacement for maintenance building, installation of underground irrigation for baseball and football fields and the replacement or repair of the sewer system on the south building. The City currently maintains approximately 24 acres of turf between the City Park and Field of dreams. The Capital Outlay line item reflects the desire to improve current turf management practices and includes: soil aerator, leaf bagger, large weed sprayer, and seeder. This equipment could also occasionally be used on medians and ditches.

Capital Improvement Fund:

This Fund is used to account for resources that are used for acquiring or significantly improving capital facilities (roads, sidewalks, buildings, etc.). Sales tax is the primary revenue source for this Fund. This Fund is anticipated to serve as the resource for the purchase or construction of a new Basehor Municipal Building (City Hall). \$20,000 has been budgeted in 2013 for sidewalk repair and replacement. This amount will provide for approximately one city block of sidewalk repair and replacement. If Council chooses in 2013, to pursue a new municipal building this Fund could be utilized with a budget amendment.

Cedar Lake Maintenance Fund:

The Cedar Lake Maintenance Fund is to be used for expenses related to ongoing sewer operations in the Cedar Lake Estates sewer district. Property owners in the district pay special assessments to provide resources for the Fund.

Leavenworth County Sewer District No. 3 Maintenance Fund:

The Sewer District #3 Maintenance Fund is to be used for expenses related to maintenance in the Sewer District. This is a new fund for 2012 as the City has absorbed this district from Leavenworth County as part of a Kansas Department of Health & Environment (KDHE) mandated connection project. Property owners in the district pay special assessments to provide resources for the Fund.

Municipal Equipment Replacement Fund (MERF):

Kansas statutes provide that any Governing Body of any city may provide, by adoption of an Ordinance, for a Municipal Equipment Reserve Fund to finance the acquisition of equipment. Moneys may be budgeted and transferred to such fund from any source which may be lawfully utilized for such purposes, including equipment use charges on the various departments and agencies of the City to finance new and replacement equipment. Transfers to this Fund are calculated based on the Fleet Replacement Schedule with each Fund covering its own projected depreciation. The City currently makes transfers from the General Fund into the MERF. Transfers to this Fund from the Sewer Fund were discontinued in 2011. The City's

adopted 2013, MERF expenditures include a police communications system (radios) lease payment as well as two Police Department patrol vehicles.

Budget Oversight:

Each month during the fiscal year, the Clerk/Finance Department prepares a year-to-date summary of revenues and expenditures for each Department and Fund. These reports are disseminated to all City Departments and are reviewed by the Finance Director and City Administrator. The City Council also receives copy of the monthly summary financial reports in order to monitor expenditures and progress.

As the conclusion of the fiscal year, the City contracts with an professional accounting firm to conduct an annual independent external audit of the City's financial statements that complies with Generally Accepted Accounting Principles (GAAP). The audit is intended to provide reasonable assurance that the financial statements are not materially misstated. The City has received an unqualified GAAP compliant audit for the past three years.

Staff Recommendation:

Review and consider 2013 Operating Budget.

Action Requested of Council:

Review and consider 2013 Operating Budget.

Attachments:

2013 Proposed Budget
Comparative Data

Per Resident General Fund Spending Comparison

| City Name | 2010 Census Population | Mil Rate 2011 | Total City General Fund | General Fund Per Capita |
|------------------------------|------------------------|---------------|-------------------------|-------------------------|
| Shawnee | 62,209 | 24.932 | \$16,750,636 | \$269 |
| Basehor 2012 | 4,610 | 29.596 | \$1,867,562 | \$405 |
| Basehor 2013 Proposed | 4,610 | 29.341 | \$2,494,219 | \$541* |
| Gardner | 19,123 | 31.312 | \$9,232,800 | \$483 |
| DeSoto w/o Fire | 5,720 | 20.047 | \$2,880,247 | \$504 |
| Olathe w/o Fire | 125,872 | 23.214 | \$69,295,883 | \$551 |
| Lenexa w/o Fire | 48,190 | 29.635 | \$27,947,752 | \$580 |
| Prairie Village | 21,447 | 19.491 | \$14,101,000 | \$657 |
| Spring Hill w/o fire | 5,281 | 28.644 | \$3,711,730 | \$703 |
| Overland Park | 173,372 | 12.814 | \$124,300,000 | \$717 |
| Roeland Park | 6,731 | 23.225 | \$5,046,452 | \$750 |
| Bonner Springs | 7,314 | 30.578 | \$6,551,757 | \$896 |
| Edgerton | 1,617 | 41.722 | \$1,500,000 | \$928 |
| Fairway | 3,882 | 18.617 | \$3,713,564 | \$957 |
| Mission | 9,323 | 11.371 | \$9,534,651 | \$1,023 |
| Westwood | 1,506 | 23.881 | \$2,121,930 | \$1,409 |
| Leawood w/o Fire | 31,867 | 24.393 | \$46,107,200 | \$1,447 |
| Merriam | 11,008 | 27.412 | \$16,487,692 | \$1,498 |
| Mission Hills | 3,498 | 21.905 | \$5,873,933 | \$1,679 |
| Average | | | | \$841.96 |

*Contingency and Capital/Operating Overhead account for \$121 of the year over year increase.

STAFFING COMPARISON

| City Name | 2010 | Total Number of FTE | Staff Per Capita Ratio per 1,000 Residents |
|----------------------|--------------|------------------------|---|
| Mission Hills | 3,498 | 7 | 2.00 |
| Roeland Park | 6,731 | 30 | 4.45 |
| Shawnee | 62,209 | 281 | 4.51 |
| Overland Park | 173,372 | 826 | 4.7 |
| Prairie Village | 21,447 | 102 | 4.7 |
| DeSoto w/o Fire | 5,720 | 28 | 4.89 |
| Gardner | 19,123 | 94 | 4.91 |
| Olathe w/o Fire | 125,872 | 684 | 5.43 |
| Edgerton | 1,617 | 9 | 5.56 |
| Fairway | 3,882 | 24 | 6.18 |
| Basehor | 4,610 | 29.5 | 6.4 |
| Spring Hill w/o Fire | 5,281 | 38 | 7.19 |
| Mission | 9,323 | 68 | 7.29 |
| Lenexa w/o Fire | 48,190 | 370 | 7.67 |
| Westwood | 1,506 | 13 | 8.63 |
| Merriam | 11,008 | 97 | 8.81 |
| Leawood w/o Fire | 31,867 | 292.2 | 9.16 |
| Bonner Springs | 7,314 | 80 | 10.93 |
| Average | | | 6.30 |

Municipal Inflation

Annual (May – May) Percentage

| | |
|------|-------|
| 2008 | 3.30% |
| 2009 | 4.50% |
| 2010 | 1.60% |
| 2011 | 4.10% |
| 2012 | 2.50% |

*Source: American City and County Municipal Cost Index
<http://americancityandcounty.com/municipal-cost-index/about>
 Example: a 2008 dollar (\$1.00) has the buying power of \$0.84 in 2012