

Kansas Administrative Regulations

Office of the State Bank Commissioner

Article 14.—Deposit of Public Funds; Revenue Bond Approval

17-14-1. Revenue bonds; approval.

The commissioner may approve, as security for the deposit of public funds pursuant to K.S.A. 9-1402, revenue bonds of any municipal corporation or quasi-municipal corporation, except for bonds issued under K.S.A. 12-1740 to 12-1749 and bonds secured by revenues of a utility which has been in operation for less than three years. Revenue bonds may be approved subject to the following conditions:

(a) Such bonds shall be issued pursuant to the laws of Kansas, and the commissioner shall be furnished a copy of the approving legal opinion of a recognized bond attorney.

(b) The rates, fees or charges fixed for the use of services rendered by a utility (as defined by K.S.A. 10-1201) shall be sufficient to:

- (1) pay the cost of operation, improvement, and maintenance of the utility;
- (2) provide an adequate depreciation fund; and
- (3) pay the principal of and interest upon the bonds when due.

(c) Such bonds shall have a debt service coverage for the term of the issue of at least 140%, except that debt service may go as low as 125% in a future year or years, provided:

(1) There is a rate covenant in the ordinance stating that rates, fees and charges shall be raised if necessary to have at least 125% debt service coverage; or

(2) The issue has a rating of A or better in a nationally recognized rating publication.

(d) The municipality shall forward a certified statement of the annual audit required by K.S.A. 10-1208 to the State Bank Commissioner within thirty (30) days of completion, of the same.

(e) The auditor or certifying officer shall make a certified statement that they shall notify the State Bank Commissioner within thirty (30) days of the completion of the audit

in any year the coverage of the annual debt service falls below 140% and shall explain what steps have been taken to correct the deficiency.

(f) The municipality shall submit a certified copy of the minutes of the meeting of the local governing body that approved the authority to issue the bond resolution, and shall also submit a certified copy of the Bond Resolution.

(Authorized by K.S.A. 9-1402, K.S.A. 1965 Supp. 9-1713; effective Jan. 1, 1966; amended Jan. 27, 1992.)

***** Authenticated Kansas Administrative Regulation *****