

13-2406. Sinking fund to pay bonded debt; investment; records and report. It shall be the duty of the board of commissioners to create and maintain a sinking fund for the payment of the bonded indebtedness of such city arising from the purchase of the waterworks, by laying aside from the revenues of the department an amount equal to not less than 2% per annum upon the gross bonded debt. The board of commissioners shall use such sinking fund in the purchase and cancellation from time to time of bonds issued to pay the purchase price of the waterworks but shall not pay for any such bonds any greater sum than par, nor more than the actual market price thereof at the time of purchasing the same, if less than par. All bonds purchased by the board shall be canceled and retired by the board.

If the board of commissioners are unable to purchase any of the bonds on such terms, then it shall be the duty of the board to invest the moneys of the sinking fund in investments authorized by K.S.A. 12-1675, and amendments thereto, in the manner prescribed therein or in bonds of the state of Kansas, or general improvement bonds of cities of the first or second class, or bonds of any county in this state wherein a city of the first or second class is located or bonds of unified school districts in this state. Any municipal bonds purchased shall bear no less than 3% interest per annum except that any municipality may purchase its own bonds for sinking fund investments which bear less than the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto. The board shall not buy the bonds of any city, wherein the outstanding bonded city indebtedness, exclusive of the bonded debt created for the purchase or extension of any waterworks system of any bonds for the payment of which special assessments are levied exceeds 15% of its assessed valuation as fixed by such city. In making such investment, the board shall not pay for any such bonds any greater sum than par, nor more than the actual market price thereof at the time of purchasing the same, if less than par, except by unanimous vote of the board.

It shall be the duty of the city attorney to examine the validity of all such bonds and report thereon in writing to the board of commissioners, and no bonds shall be purchased by the board until they have been approved and found valid by the city attorney. It shall be the duty of the secretary to keep a permanent record of the amounts turned into the sinking fund and a full description of all bonded indebtedness of the waterworks department canceled and retired, and a full description of all bonds bought for the sinking fund, the date of the bonds, rate of interest, when payable, number of any coupons attached, when bought, for whom purchased and the price or rate paid therefor.

Immediately upon the receipt of any such bonds purchased for the sinking fund, the city auditor or city clerk, shall cause each bond and any coupons appertaining thereto to be plainly stamped upon the back thereof, "Property of the waterworks sinking fund of the city of _____." The auditor or city clerk shall also keep a record of each of the bonds and any coupon thereto attached, which record shall show amount, date, rate of interest of such bond, when and where payable, the date, amount and the number of each coupon and when payable. The bonds shall be kept by the city treasurer.

The board of commissioners shall not sell any of such bonds for less than their par value. The city auditor or city clerk shall also keep a duplicate record of the payment of all such bonds or coupons, and all moneys received from the payment of any such bonds and interest thereon shall be reinvested as a part of the sinking fund as hereinbefore provided. It shall be the duty of the secretary to report on January 1 of each year the amount of outstanding indebtedness of the waterworks department and an itemized statement of the moneys and bonds in the sinking fund and the bonded indebtedness paid off during the preceding year.

History: L. 1907, ch. 114, § 104; L. 1913, ch. 85, § 8; R.S. 1923, § 13-2406; L. 1935, ch. 116, § 1; L. 1970, ch. 64, § 101; L. 1977, ch. 54, § 16; L. 1983, ch. 49, § 66; May 12.