

**NEW ISSUE
BANK QUALIFIED**

**NOT RATED
BOOK-ENTRY ONLY**

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations, and is excluded from computation of Kansas adjusted gross income. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "LEGAL MATTERS-Opinion of Bond Counsel" herein.

**\$587,000
CITY OF GIRARD, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011**

DATED: April 15, 2011

DUE: November 1, as shown herein

The General Obligation Bonds, Series 2011 (the "Bonds") will be issued by the City of Girard, Kansas (the "Issuer" or the "City"), as fully registered bonds without coupons, and, when issued will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000 or any integral multiple thereof, except one Bond in the denomination of \$2,000 (or such amount added to \$5,000 or an integral multiple thereof) (the "Authorized Denomination") and shall be numbered in such manner as the Bond Registrar shall determine. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the aforesaid, and shall not mean Beneficial Owners (as herein defined) of the Bonds. The principal of and premium, if any, on the Bonds shall be payable lawful money of the United States of America at the office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Bond Registrar"), upon presentation and surrender of the Bonds for payment and cancellation. Principal on the Bonds will be payable annually on November 1, commencing November 1, 2012. The interest on the Bonds shall be payable semiannually on May 1 and November 1, commencing on May 1, 2012, in lawful money of the United States of America, by check or draft of the Paying Agent mailed to the registered owners thereof at the address appearing on the registration books maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar as of the close of business on the fifteenth (15th) day (whether or not a business day) of the month next preceding each applicable Interest Payment Date (the "Record Dates"). So long as DTC or its nominee, Cede & Co., is the Owner of the Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

The Bonds are issued pursuant to the Constitution and statutes of the State of Kansas and constitute a valid and legally binding general obligation of the Issuer, and as such are payable both as to principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

MATURITY SCHEDULE

(See inside cover page)

The Bonds maturing on November 1, 2021 and thereafter will be subject to redemption prior to maturity, at the option of the Issuer, on November 1, 2020, or thereafter as described herein (see "Description of the Bonds - Redemption of the Bonds" herein).

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. Certain other legal matters will be passed upon by Richard Loffswold, Esq., Girard, Kansas, City Attorney. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about April 28, 2011.

COMMERCE BANK

This Official Statement is dated April 11, 2011.

\$587,000
CITY OF GIRARD, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011

MATURITY SCHEDULE

TERM BONDS

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	CUSIP⁽¹⁾ <u>Base: 376190</u>
11/1/2015	\$35,000	3.00%	1.70%	DN 1
11/1/2018	40,000	3.10%	2.75%	DR 2
11/1/2021	45,000	3.25%	3.25%	DU 5
11/1/2024	50,000	3.75%	3.75%	DX 9
11/1/2026	55,000	4.15%	4.15%	DZ 4

⁽¹⁾ CUSIP numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and are included solely for the convenience of the Owners of the Bonds. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

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

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

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

THIS OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE ISSUER FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

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

\$587,000
CITY OF GIRARD, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011

MAYOR

Maurice Harley

CITY COUNCIL

Richard Cussimano
Sandra Hallacy
Sharon Mattson
Dan Smith

CITY ADMINISTRATOR

Gary Emry

CITY CLERK

Coralie Bennett

CITY TREASURER

Peggy Norris

CITY ATTORNEY

Richard Loffswold, Esq.
Girard, Kansas

BOND COUNSEL

Gilmore & Bell, P.C.
Wichita, Kansas

PAYING AGENT

State Treasurer
Topeka, KS

FINANCIAL ADVISOR

Ranson Financial Consultants L.L.C.
Wichita, Kansas

UNDERWRITER

Commerce Bank
Kansas City, Missouri

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City of Girard (the "City") or by Ranson Financial Consultants, L.L.C. (the "Financial Advisor") to give any information or to make any representations pertaining to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Financial Advisor. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter.

Neither the delivery of this Official Statement, nor any sale made after any such delivery, shall under any circumstances create any implication that there has been no change in the affairs of the City since the date of this Official Statement. The summaries of various statutes or documents considered herein are intended as summaries only and are qualified in their entirety by reference to the originals thereof, copies of which are available from the Underwriter or the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities offered hereby, by any person in any state in which it is unlawful for such to make such offer, solicitation or sale.

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FINANCIAL OVERVIEW

Equalized Assessed Tangible Valuation (1) (2) (See Page 12).....	\$15,994,052
Outstanding General Obligation Bonded Indebtedness (3) (See Page 14)	\$2,231,000
Estimated Population	2,722
Per Capita General Obligation Bonded Indebtedness	\$820
Ratio of General Obligation Bonded Indebtedness to Equalized Assessed Valuation	13.95%
Direct and Overlapping Debt (See Page 14).....	\$2,555,459
Per Capita Direct and Overlapping Debt	\$939
Ratio of Direct and Overlapping Debt to Equalized Assessed Valuation.....	15.98%
Ratio of Statutory Direct Debt to Equalized Assessed Valuation	7.61%

- (1) Includes real estate, personal property, state assessed utilities and motor vehicle valuation.
- (2) Source: City Clerk.
- (3) Includes this issue.

This Financial Overview contains only a brief description of the financial condition of the City. It is not intended to be a summary of all material information with respect to the Bonds. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

\$587,000
CITY OF GIRARD, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement is to set forth certain information concerning the issuance and sale by the City of Girard, Kansas (the "Issuer" or the "City") of \$587,000 aggregate principal amount of its General Obligation Bonds, Series 2011 (the "Bonds"), dated April 15, 2011. The Issuer is a city of the third class, organized and existing under and pursuant to the Constitution and laws of the State of Kansas.

The Bonds will be issued pursuant to an ordinance and resolution adopted by the Governing Body of Issuer (jointly the "Resolution") and pursuant to the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and statutes of the State of Kansas.

The Appendices are an integral part of this Official Statement and should be read in their entirety.

Except for the information expressly attributed to other sources, all information has been provided by the Issuer. The presentation of information herein, including tables of receipts of various taxes, is intended to show historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that the past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Ranson Financial Consultants, L.L.C., Wichita, Kansas, Financial Advisor, has assisted in the preparation of the Official Statement, but has not verified all of the factual information contained herein, nor has it conducted an independent investigation of the affairs of the City for the purposes of passing upon the accuracy or completeness of this Official Statement. Bond Counsel has not assisted in the preparation nor reviewed this Official Statement, except to the extent described under the section captioned "DESCRIPTION OF THE BONDS," "LEGAL MATTERS," "TAX MATTERS" and "**APPENDIX B – SUMMARY OF FINANCING DOCUMENTS**" and accordingly express no opinion as to the accuracy or sufficiency of any other information contained herein.

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. The Issuer is relying on a provision of the Rule that exempts issues of less than \$1,000,000 aggregate principal amount from the requirements of the Rule and therefore has **not** covenanted to provide continuous secondary market disclosure. However, the Issuer intends to supply its most recent financial statements to the Underwriter and any Bondowner upon written request and reimbursement to the Issuer of the costs of the photocopying and mailing. For a discussion of the impact of the absence of continuous disclosure on the secondary market for the Bonds, see the section captioned "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in "**APPENDIX B – SUMMARY OF FINANCING DOCUMENTS – THE BOND RESOLUTION – Definitions.**"

AUTHORIZATION AND PURPOSE

The Bonds are being issued under the authority of and pursuant to and in full compliance with 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.* and K.S.A. 12-1736 *et seq.*, as amended and supplemented from time to time (the "Act") and an ordinance passed by the governing body of the Issuer and a resolution adopted by the governing body of the Issuer (jointly the "Bond Resolution") for the purpose of paying the cost of certain recreational public building improvements (the "Improvements"). The Bonds shall be general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due. All improvements are to be located within the City (see the section captioned "THE PROJECT" herein). A portion of the proceeds of the sale of the Bonds will also be used to pay the costs of issuance on the Bonds.

DESCRIPTION OF THE BONDS

General

The Bonds are issuable as fully registered book-entry only bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof, (or such amount added to \$5,000 or an integral multiple thereof, except one Bond in the denomination of \$2,000

(or such amount added to \$5,000 or an integral multiple thereof) (the "Authorized Denomination") and shall be numbered in such manner as the Bond Registrar shall determine. The Bonds shall be dated as of April 15, 2011 and shall mature on November 1 (the "Principal Payment Date") in the years and in the principal amounts, subject to redemption and payment, prior to their Stated Maturities, and shall bear interest at the respective rates per annum, set forth on the inside cover page hereof.

The principal of, and premium if any, on the Bonds shall be payable in lawful money of the United States of America at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas, as Paying Agent (the "Paying Agent") upon presentation of the Bonds for payment and cancellation. The interest on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Paying Agent, by mailing to the registered owner thereof at the address appearing on the registration books maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

Interest on the Bonds shall be payable semiannually on May 1 and November 1 (the "Interest Payment Dates"), commencing May 1, 2012 to the respective owners thereof appearing on the books maintained by the Bond Registrar on the fifteenth (15th) day of the month next preceding each Interest Payment Date (the "Record Dates"). The Bonds shall bear interest from the Interest Payment Date immediately preceding the effective registration dates unless such effective registration date shall be as of an Interest Payment Date, in which case the Bonds shall bear interest from such Interest Payment Date or unless the effective registration date shall be prior to the first Interest Payment Date, in which case the Bonds bear interest from April 15, 2011. The effective date of registration shall be the date of authentication thereof by the Bond Registrar.

The Issuer shall cause books for the registration and for the transfer of the Bonds to be kept by the office of the Treasurer of the State of Kansas, Topeka, Kansas, as Bond Registrar (the "Bond Registrar"). The principal of, premium, if any, of any fully registered Bond shall be payable only to or upon the order of the registered owner or his legal representative upon presentation and surrender thereof. Interest on any fully registered Bond will be paid by check or draft of the Bond Registrar mailed to the registered owner thereof.

Designation of Paying Agent and Bond Registrar

The Issuer will at all times maintain a paying agent and bond registrar meeting the qualifications set forth in the Resolution. The Issuer reserves the right to appoint a successor paying agent or bond registrar. No registration 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 by the Issuer shall at all times meet the requirements of Kansas law.

The Treasurer of the State of Kansas, Topeka, Kansas has been designated by the Issuer as 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.

Security for the Bonds

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

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

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

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.

Book-Entry Bonds: Securities Depository

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

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 interest in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the 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, 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 the Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

Registration, Transfer and Exchange of Bonds

As long as any of the Bonds remain Outstanding, 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 hereinafter provided. 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 the Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds. 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.

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 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.

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

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 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.

Redemption of the Bonds

Optional Redemption

At the option of the Issuer, Bonds or portions thereof maturing on November 1, 2021 and thereafter may be called for redemption and payment prior to their Stated Maturity on November 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 thereon to the Redemption Date.

Mandatory Redemption. (a) *2015 Term Bonds.* The 2015 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on November 1 in each year, the following principal amounts of such 2015 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$12,000	2012
30,000	2013
30,000	2014
35,000	2015*

*Final Maturity

(b) *2018 Term Bonds.* The 2018 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on November 1 in each year, the following principal amounts of such 2018 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$35,000	2016
35,000	2017
40,000	2018*

*Final Maturity

(c) *2021 Term Bonds.* The 2021 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on November 1 in each year, the following principal amounts of such 2021 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$40,000	2019
40,000	2020
45,000	2021*

*Final Maturity

(d) *2024 Term Bonds.* The 2024 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on November 1 in each year, the following principal amounts of such 2024 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$45,000	2022
45,000	2023
50,000	2024*

*Final Maturity

(e) *2026 Term Bonds.* The 2026 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service

Account shall be sufficient to redeem, and the Issuer shall redeem on November 1 in each year, the following principal amounts of such 2026 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$50,000	2025
55,000	2026*

*Final Maturity

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 minimum Authorized Denomination 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 each minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination value represented by any Bond is selected for redemption, then upon notice of intention to redeem such 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 such minimum Authorized Denomination 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 the minimum Authorized Denomination value called for redemption (and to that extent only).

Notice and Effect of Call for 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 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. 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.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified 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.

In addition to the foregoing notice, the Paying Agent is also directed to comply with any mandatory or voluntary 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.

THE DEPOSITORY TRUST COMPANY

General. The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “Book-Entry System”) maintained by The Depository Trust Company (“DTC”), New York, New York.

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The Issuer takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for the Bonds, and will be deposited with DTC.

DTC and its Participants. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: “AAA.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

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

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described in the Bond Resolution.

THE PROJECT

The proceeds of the Bonds will be used to provide funds for certain sports complex and basketball public building improvements.

INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE BONDS WHICH MUST BE RECOGNIZED.

Taxation of Interest on the Bonds

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

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

Market for the Bonds

Lack of Rating. The Bonds are **not** rated and no application has been made for a rating.

Secondary Market. There is no established secondary market for the Bonds, and there is no assurance that a secondary market will develop for the purchase and sale of the Bonds. The absence of continuing disclosure of financial or other information pertaining to the Issuer may impair the development of a secondary market for the Bonds and could impair the ability of an owner to sell Bonds in the secondary market. Prices of municipal bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit market. From time to time it may be necessary to suspend indefinitely secondary market trading in selected issues of municipal bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the subject Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Premium on Bonds

Any person who purchases a Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Bonds are subject to redemption at par under the various circumstances described under "THE BONDS - Redemption of Bonds."

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer. Changes in laws affecting the taxing authority of the Issuer could limit the ability of the Issuer to collect revenue sufficient to pay principal and interest on the Bonds.

Limitations on Remedies Available to Owners of Bonds

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

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Bond Resolution does not provide for the payment of additional interest or penalty on the Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Bond Resolution does not provide for the payment of any additional interest or penalty on the Bonds if the interest thereon becomes includable in gross income for Kansas income tax purposes.

Suitability of Investment

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

THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE UNDERWRITER.

SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds available for such Improvements, including the proceeds from the sale of the Bonds, exclusive of accrued interest.

Sources of Funds:

<i>Proceeds of the Bonds</i>	\$587,000.00
<i>Issuer's Cash</i>	<u>27,247.45</u>
Total Sources of Funds	\$614,247.45

Use of Funds:

<i>Redemption of Outstanding Notes</i>	\$592,369.42
<i>Cost of Issuance</i>	<u>21,878.03</u>
Total Uses of Funds	\$614,247.45

DEBT SERVICE REQUIREMENT ON THE BONDS

<u>Dates</u>		<u>Interest</u>		<u>Semi-Annual</u>	<u>Fiscal Year</u>
<u>Payment</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Debt Service</u>
05/01/12			\$21,191.78	\$21,191.78	
11/01/12	\$12,000	3.00%	10,145.00	22,145.00	\$43,336.78
05/01/13			9,965.00	9,965.00	
11/01/13	30,000	3.00%	9,965.00	39,965.00	49,930.00
05/01/14			9,515.00	9,515.00	
11/01/14	30,000	3.00%	9,515.00	39,515.00	49,030.00
05/01/15			9,065.00	9,065.00	
11/01/15	35,000	3.00%	9,065.00	44,065.00	53,130.00
05/01/16			8,540.00	8,540.00	
11/01/16	35,000	3.10%	8,540.00	43,540.00	52,080.00
05/01/17			7,997.50	7,997.50	
11/01/17	35,000	3.10%	7,997.50	42,997.50	50,995.00
05/01/18			7,455.00	7,455.00	
11/01/18	40,000	3.10%	7,455.00	47,455.00	54,910.00
05/01/19			6,835.00	6,835.00	
11/01/19	40,000	3.25%	6,835.00	46,835.00	53,670.00
05/01/20			6,185.00	6,185.00	
11/01/20	40,000	3.25%	6,185.00	46,185.00	52,370.00
05/01/21			5,535.00	5,535.00	
11/01/21	45,000	3.25%	5,535.00	50,535.00	56,070.00
05/01/22			4,803.75	4,803.75	
11/01/22	45,000	3.75%	4,803.75	49,803.75	54,607.50
05/01/23			3,960.00	3,960.00	
11/01/23	45,000	3.75%	3,960.00	48,960.00	52,920.00
05/01/24			3,116.25	3,116.25	
11/01/24	50,000	3.75%	3,116.25	53,116.25	56,232.50
05/01/25			2,178.75	2,178.75	
11/01/25	50,000	4.15%	2,178.75	52,178.75	54,357.50
05/01/26			1,141.25	1,141.25	
11/01/26	55,000	4.15%	1,141.25	56,141.25	57,282.50
TOTALS	\$587,000		\$203,921.78	\$790,921.78	\$790,921.78

CITY GOVERNMENT

The City of Girard, Kansas (the "City") is a municipal corporation incorporated in 1901, and a city of the third class organized and existing under and pursuant to the Constitution and laws of the State of Kansas. The City has a Mayor/Council form of government.

The City Council conducts all legislative functions for the City and establishes general policies which are executed by its staff, which serves at its pleasure.

The principal officials and officers of the City are as follows:

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Maurice Harley	2013
Council Members	Richard Cussimano	2011
	Sharon Mattson	2013
	Dan Smith	2011
	Susan Thom	2011
City Administrator	Gary Emry	N/A
City Clerk	Coralie Bennett	N/A
City Attorney	Richard Loffswold, Esq.	N/A
City Treasurer	Peggy Norris	N/A

Management Personnel

The City Clerk is appointed by the Mayor, subject to Council approval, and is charged with the efficient and effective administration of the City.

FINANCIAL INFORMATION

Accounting, Budgeting, and Auditing Procedures

The City follows a statutory basis of accounting which is designed to show compliance with cash basis and budget laws of Kansas. The City has received a GAAP Waiver from the State of Kansas.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted prior to August 25 of each year. Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Diehl Banwart Bolton, CPA, PA, Fort Scott, Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ended December 31, 2009 is attached hereto as Appendix B.

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

Assessed Valuation and Reappraisal

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

All property in the State of Kansas has been reevaluated as a result of a bill passed by the 1985 session of the Kansas Legislature requiring county assessors to reassess property for tax purposes, with an effective date of January 1, 1989. In conjunction with the November 1986 general election, Kansas voters approved a proposition to modify the state constitution with respect to classification of property for ad valorem taxation. For taxable years 1989 through 1992, real and personal property was divided into classes and assessed at different percentages of fair market value.

In conjunction with the November 1992 general election, Kansas voters approved a proposition to further modify the State Constitution with respect to classification of property for ad valorem taxation. The modified clarification provisions shall be effective for assessment and taxation of property on and after January 1, 1993 and each year thereafter. Property will be divided into two classes real property and personal property. Real property will be divided into seven subclasses; there will be six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family, mobile or manufactured homes, including the real property on which such homes are located assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) other urban and real property not otherwise specifically classified, assessed at 30%.

Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 20%,(v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%.

All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

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

The following table shows the total assessed valuation of all the tangible property in the City for the year 2010:

Assessed Tangible Valuation	\$13,736,737
Tangible Valuation of Motor Vehicles	<u>2,257,315</u>
Equalized Assessed Valuation of Taxable Tangible Property	<u>\$15,994,052</u>

Source: County Clerk

Property Tax Levies and Collections

Tax Collections: Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before June 20 of the following year. The 2003 Legislature authorized the Governor to advance the required June 20 payment to be made on or before May 10. The Governor has now exercised such authority and published notice of such advancement. Taxes that are unpaid on the due dates are considered delinquent and accrue interest at a per annum rate established by State law until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale on or before August 1 of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

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

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

Tax Rates. The City may levy taxes in accordance with the requirements of its adopted budget. Prior to July 1, 1999, the City tax levies were further restricted by a state aggregate tax lid. The funds of city restricted by the tax lid include the general fund, capital improvement funds and general improvement funds. Levies not affected by the tax lid include debt service payments on Notes, notes and no fund warrants; payments made to a public building commission; expenses related to tort claim liability and employer contributions for employee retirement, health care and benefit programs, expenses incurred for rebates to owners of property in connection with neighborhood revitalization programs, and expenses incurred to interface with the state criminal justice information system by cities administering juvenile delinquency and crime programs. The tax lid has been repealed effective July 1, 1999. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the county appraiser.

Employee Retirement Plans

All full-time employees of the City belong to the Kansas Public Employees Retirement System (KPERS). KPERS is funded by both the employer and the employee. The funding is based on a percentage of the quarterly compensation of the employee and, for 2010, is as follows:

Employee	4.00%
Employer	7.74%

There are over 150,000 members of KPERS, who represent over 1,200 state and local public agencies. Members' employers include the State of Kansas, all counties, unified school districts, community junior colleges, area vocational technical schools, various cities and other instrumentalities.

The KPERS system not only provides a retirement program for public employees, but also provides life insurance coverage, long-term disability, service-connected death and disability and funeral benefits for members and their beneficiaries. A Board of Trustees administers KPERS. In 1992, legislation revised the number of Board Members and how they are appointed. The number of members was increased from seven to nine, four of which are appointed by the Governor and confirmed by the Senate; one appointed by the Senate President; one appointed by the Speaker of the House; two elected by KPERS members and retirees; and one appointed by the State Treasurer. The Board appoints an executive secretary to serve as the managing officer of the System, and the Board retains a qualified actuary to serve as its technical advisor and to provide an annual valuation of the liabilities and reserves of the System.

Employee Relations

The City has 39 full-time and part-time employees. Employee relations are characterized as good.

AUTHORITY TO INCUR DEBT

Equalized Assessed Valuation of Tangible Valuation	
For Computation of Bonded Debt Limitations.....	\$15,994,052
Legal limitation of Bonded Debt ¹	\$4,798,215
Outstanding general obligation debt as of April 15, 2011*.....	\$2,231,000
Exempt Debt.....	\$1,014,000
Net Debt against Statutory Debt limit capacity.....	\$1,217,000
Additional debt capacity.....	\$3,581,215
Direct debt per capita.....	\$820
Overlapping Indebtedness.....	\$324,459
Direct and overlapping debt.....	\$2,555,459
Direct and overlapping debt per capita.....	\$939
Direct debt as a percentage of Equalized Assessed Valuation.....	13.95%
Direct & overlapping debt as a percentage of Equalized Assessed Valuation.....	15.98%
Statutory direct debt as a percentage of Equalized Assessed Valuation.....	7.61%

¹ K.S.A. 10-301 *et.seq.*

* Includes this issue.

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of April 15, 2011, and the percent attributable (on the basis of assessed valuation) to the City.

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation*</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to The City</u>	<u>Amount Applicable to The City</u>
Crawford County	\$232,089,951	\$5,490,000	5.91%	\$324,459
U.S.D. No. 248	33,474,445	0	41.04%	0
Totals		\$5,490,000		\$324,459

* Doesn't include 2010 motor vehicles valuation.

Outstanding General Obligation Debt (As of April 15, 2011)

<u>Issue</u>	<u>Year</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
General Obligation Sales Tax Refunding Bonds, Series 2009A	2009	\$835,000	\$ 630,000
General Obligation Bonds, Series 2011*	2011	587,000	587,000
Totals			\$1,217,000

* This issue.

Temporary Notes Outstanding (As of April 15, 2011)

<u>Issue</u>	<u>Year</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
General Obligation Temporary Notes, Series 2009B**	2009	\$961,000	\$ 374,000
General Obligation Temporary Notes, Series 2010	2010	640,000	640,000
Totals			\$1,014,000

** A portion of the issue being redeemed by the Series 2011 Bonds.

Certificates of Participation Outstanding (As of April 15, 2011)

None are outstanding as of April 15, 2011

Revenue Bonds Outstanding (As of April 15, 2011)

None are outstanding as of April 15, 2011

Loans Outstanding (As of April 15, 2011)

<u>Description</u>	<u>Amount Outstanding</u>
KDHE Sewer Loan	\$456,106
KDOT	296,259
Totals	\$560,264

**Capital Lease Obligations
(As of April 15, 2011)**

<u>Description</u>	<u>Amount Outstanding</u>
Real Estate	\$ 7,554
Quint Fire Truck	4,908
Excavator	41,626
Radio Equipment	24,006
Dump Truck	85,635
Mowers	35,904
John Deere Mower	5,317
International Truck	67,224
Crew Cab Trucks	<u>50,536</u>
Totals	\$322,710

Assessed Valuation*

<u>Year</u>	<u>Assessed Valuation*</u>
2010	\$13,736,737
2009	14,135,558
2008	14,097,217
2007	14,548,023
2006	14,361,828

* Excluding motor vehicles

Source: Crawford County Clerk

**Mill Levy
(Per \$1,000 Assessed Valuation)
(2006 to 2010, inclusive)**

<u>Levy Year</u>	<u>Budget Year</u>	<u>City of Girard</u>	<u>Crawford County</u>	<u>USD No. 248</u>	<u>Other</u>	<u>State</u>	<u>Total</u>
2010	2011	48.950	48.363	44.049	2.660	1.500	145.522
2009	2010	47.563	48.478	44.799	2.633	1.500	144.973
2008	2009	47.685	45.234	44.631	2.585	1.500	141.635
2007	2008	43.994	43.893	43.335	2.547	1.500	135.269
2006	2007	42.771	41.186	43.334	2.520	1.500	131.311

Source: Crawford County Clerk

REGIONAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City was incorporated as a city of the third class in 1871. It is currently a city of the second class.

The City operates under the Mayor-Council-Manager form of government. The eight members of the City Council are elected to four-year terms, with not more than three elected in each odd-numbered year. The City Manager is appointed by the Council and is charged with the efficient and effective administration of the City.

The City

The City of Girard is the county seat of Crawford County, Kansas, and is located approximately 95 miles south of Olathe, Kansas, 11 miles northwest of Pittsburg, Kansas and 140 miles east of Wichita, Kansas. The City encompasses approximately 1.9 square miles and has a current estimated population of 2,722 persons.

Educational Facilities

Unified School District No. 248 operates one elementary school, one middle school and one senior high school in the City and surrounding area. The district has a total enrollment of approximately 1,045 students. Pittsburg State University is within 15 miles of the City. Missouri Southern State College is within 40 miles of the City. Northwest Arkansas Community College, Johnson County Community College, Southwest Baptist University, Metropolitan Community College, and DeVry Institute of Technology are all within 105 miles of the City and provide educational opportunities for residents of the City.

Public Safety

The City has 7 full-time police officers and 3 part-time patrol officers. The fire department is made up of a combination of full-time employees and volunteers firefighters which provide continuous full-time protection to the City.

Utilities

The City owns and operates its own electric, water and sewer utility systems. Heartland Rural Electric Coop, Inc. also provides electricity for the City. Natural gas is provided by the Kansas Gas Service. Telephone service is provided by Sprint United Craw-Kan Telephone Cooperative. Craw-Kan Cable provides cable television to the City.

Transportation

The City is served by two major highways: US 47 and US 7. Joplin Regional is located within 40 miles of the City in Joplin, MO and provides a runway capable of handling private and corporate aircraft. Other public-use airports that are located within 30 miles of the City are Atkinson Muni, Fort Scott Muni, and Oswego Muni.

Medical and Health Facilities

Girard Medical Center is located in the City limits. Mt Carmel Medical Center is located within 15 miles of the City. Mercy Hospital is located within 25 miles of the City. One chiropractor is located within the City. There is one nursing home and one assisted living center located within the City limits.

Recreational, Cultural and Religious Facilities

There is recreation available in the area including sporting events, movie theaters, parks, swimming pool, golf course, and baseball diamonds. Crawford State Park is located nine miles north of the City. Bone Creek Lake is located 12 miles northwest of the City. Additionally, cultural opportunities such as theater, symphony and museums are located in or near the City. Twelve churches serve the community.

Largest Taxpayers of the City

The following table provides the list of the largest taxpayers of the City, their assessed valuations, and taxes levied in 2010

<u>Name</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
Producer's Co-Op	\$580,005	\$84,171
Forms Manufacturers	371,437	54,048
Sek-Cap, Inc.	268,983	39,140
ETCO Enterprises	222,503	32,376
Mid-America Bancshares	184,650	26,822
Crawford County Assisted	179,929	26,136
Werson Oaks Partners	154,898	22,540
Girard National Bank	134,334	19,545
Craw-Kan Telephone	126,042	18,319
TWG Nursing Home	124,426	18,051

Source: Crawford County Clerk

Labor Force

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

CRAWFORD COUNTY

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2009	20,732	19,048	1,684	8.1%
2008	19,819	18,808	1,011	5.1%
2007	20,169	19,220	949	4.7%
2006	19,372	18,384	988	5.1%
2005	19,434	18,304	1,130	5.8%

STATE OF KANSAS

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2009	1,518,924	1,416,942	101,982	6.6%
2008	1,493,751	1,427,860	65,891	4.4%
2007	1,480,252	1,419,695	60,557	4.4%
2006	1,470,192	1,405,922	64,270	4.4%
2005	1,465,098	1,390,298	74,800	5.5%

Source: Kansas Statistical Abstract

Agriculture

The following table lists the total value of field crops and livestock/poultry produced in Crawford County for the years listed:

CRAWFORD COUNTY

<u>Year</u>	<u>Total Value Of Field Crops (\$000)</u>	<u>Total Value Of Livestock/Poultry (\$000)</u>	<u>Total Value Of Cattle/Milk (\$000)</u>	<u>Total (\$000)</u>
2007	\$34,463	\$22,908	N/A	\$57,371
2006	28,596	N/A	\$13,247	41,843
2005	27,155	N/A	14,965	42,120
2004	28,548	N/A	14,988	43,536
2003	25,544	N/A	13,883	39,427

Source: Kansas Statistical Abstract

Taxes Levied and Collected

The following table lists the City's taxes levied and collected over a five-year period:

<u>Year</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>	<u>Percentage of Taxes Collected</u>
2010	\$672,835	In Process	N/A
2009	672,846	\$641,206	95.30%
2008	672,224	652,037	97.00%
2007	639,811	616,946	96.43%
2006	614,267	583,897	95.06%

Source: Crawford County Clerk

Financial and Banking Institutions

There are three banks in the County. During a five-year period, bank deposits of the County's banks have been as follows:

<u>Year</u>	<u>Total Bank Deposits (thousands of dollars)</u>
2009	\$726,000
2008	697,000
2007	689,000
2006	666,000
2005	639,000

Source: Kansas Statistical Abstract

Population Trends

The following table shows the approximate population of Crawford County in the years indicated:

<u>Year</u>	<u>Crawford County Population</u>
2009	38,869
2008	38,871
2007	38,744
2006	38,684
2005	38,493

Source: Kansas Statistical Abstract

Personal Income Trends

Crawford County per capita income and the State of Kansas per capita income are listed for the years indicated in the following table:

<u>Year</u>	<u>Crawford County Personal Income(\$000)</u>	<u>Crawford County Per Capita Income</u>	<u>State Per Capita Income</u>
2008	\$1,097,950	\$28,246	\$38,886
2007	1,051,670	27,144	37,414
2006	1,027,649	26,565	35,764
2005	948,900	24,651	33,136
2004	911,369	23,648	31,922

Source: Kansas Statistical Abstract

NON-LITIGATION CERTIFICATE

At the present time there is no controversy, suit or other proceedings of any kind pending or threatened whereby any question is raised or may be raised questioning or affecting in any way the legal organization of the City or its boundaries or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in the Transcript of proceedings leading up to the issuance of the Bonds, or the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in said Transcript, or the validity of the bonds or any of the proceedings had in relation to the issuance or sale thereof, or the levying and collection of taxes to pay the principal and interest thereof.

FINANCIAL ADVISOR

Ranson Financial Consultants, L.L.C. serves as financial advisor (the "Financial Advisor") to the City of Girard, Kansas. The Financial Advisor has participated in the preparation of this Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. The Financial Advisor's fee is contingent upon the actual issuance and delivery of the Bonds.

UNDERWRITING

On April 11, 2011, the City received three bids for the purchase of the Bonds. The Bonds were awarded by the City to the account of Commerce Bank, Kansas City, Missouri (the "Underwriter"). The Initial Purchaser submitted the lowest bid for the purchase of the Bonds with a net effective interest rate of 3.6241%.

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

LEGAL MATTERS

Approval of Bonds

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein. Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "DESCRIPTION OF THE BONDS," "LEGAL MATTERS," "TAX MATTERS," and "*APPENDIX B-SUMMARY OF FINANCING DOCUMENTS.*" Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds. Certain legal matters have been passed on for the Issuer by Richard Loffswold, Esq., City Attorney.

TAX MATTERS

General

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

Tax Matters Applicable to the Bonds

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

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

Opinion of Bond Counsel

Federal Tax Exemption. In the opinion of Bond Counsel, under existing law, the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer

comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

Bank Qualification. The Bonds are “qualified tax-exempt obligations” for purposes of Code § 265(b)(3), and, in the case of certain financial institutions (within the meaning of Code § 265(b)(5)), a deduction is allowed for 80% of that portion of such financial institutions' interest expense allocable to interest on the Bonds.

Kansas Tax Exemption. The interest on the Bonds is excluded from computation of Kansas adjusted gross income.

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

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

Other Tax Consequences

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

MISCELLANEOUS

The references herein to the Resolution and other documents referred to in this Official Statement are brief summaries of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions, reference is made to such documents.

The agreement of the Issuer with the Owners of the Bonds is fully set forth in the Resolution, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Bonds. So far as any statements are made in this Official Statement involving matters of opinion, estimates, projections or forecasts, whether or not expressly stated as such, they are not to be construed as representations of fact. Copies of the documents mentioned under this caption are on file at the offices of the Financial Advisor and, following delivery of the Bonds, will be on file with the Issuer.

The Appendices made herein attached hereto are an integral part of this Official Statement and must be read together with all of the statements.

AUTHORIZATION OF OFFICIAL STATEMENT

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

CITY OF GIRARD, KANSAS

By: _____
Maurice Harley, Mayor

\$587,000
CITY OF GIRARD, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011

APPENDIX A

AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2009

CITY OF GIRARD, KANSAS

Statutory Basis Financial Statements
and
Independent Auditors' Report

For the Year Ended December 31, 2009

CITY OF GIRARD, KANSAS

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**Diehl
Banwart
Bolton**

Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Girard, Kansas

We have audited the accompanying statutory basis financial statements of the City of Girard, Kansas, as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Girard, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year 2008 comparative information has been derived from the City's 2008 financial statements and, in our report dated June 2, 2009 we expressed unqualified opinion on the primary government financial statements prepared in accordance with the statutory basis of accounting.

We conducted our audit in accordance with the **Kansas Municipal Audit Guide** and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As described in Note 1, the financial statements do not include financial data for one of the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for this component unit be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effects on the financial statements of the omission of the component unit, although not reasonably determinable, are presumed to be material.

In our opinion, because of the omission of the discretely presented component unit as referred to in Note 1 and because of the City's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Girard, Kansas, as of December 31, 2009, or the changes in financial position and, where applicable, its cash flows for the year then ended.

In addition, in our opinion, the statutory basis financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of the City of Girard, Kansas, as of December 31, 2009, and its cash receipts and expenditures, and budgetary results for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton

DIEHL, BANWART, BOLTON, CPAs PA

May 25, 2010
Fort Scott, Kansas

CITY OF GIRARD, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2009

Funds	Beginning		Cash Receipts	Expenditures	Ending		Plus Accounts		Cash Balances	
	Unencumbered Cash Balances				Unencumbered Cash Balances	Payable and Encumbrances	2009	December 31, 2008		
Governmental Fund Types										
General Fund	\$341,713.86	\$1,294,907.56	\$1,412,767.93	14,476.00	\$223,853.49	\$238,329.49	\$341,713.86			
Special Revenue Funds										
Employee Benefits	56,673.03	314,221.74	289,852.68	-	81,042.09	81,042.09	56,673.03			
Library Employee Benefits	-	49,925.00	49,925.00	-	-	-	-			
Library	-	143,893.17	143,893.17	-	-	-	-			
Special Fire Equip & Law Enforcement	6,378.27	58,846.61	57,156.29	-	8,068.59	8,068.59	6,378.27			
Special Highway	23,044.74	105,627.54	107,216.62	-	21,455.66	21,455.66	23,044.74			
Capital Improvements	13,873.27	5,067.15	5,398.60	-	13,541.82	13,541.82	13,873.27			
Special Parks and Recreation	16,565.67	4,193.97	1,450.00	-	19,309.64	19,309.64	16,565.67			
Golf Equipment Reserve	4,434.01	3,589.00	2,636.94	-	5,386.07	5,386.07	4,434.01			
Debt Service Funds										
'95 General Obligation Bond and Interest	115,019.68	280,713.44	273,870.00	-	121,863.12	121,863.12	115,019.68			
Fire Station Bond and Interest	21,875.99	86,867.18	74,552.50	-	34,190.67	34,190.67	21,875.99			
'01 General Obligation Library Bond & Int	333,713.92	129,043.44	420,847.57	-	41,909.79	41,909.79	333,713.92			
KDOT Bond and Interest	120,293.89	129,636.84	156,974.04	-	92,956.69	92,956.69	120,293.89			
Capital Projects Fund										
Capital Projects	-	1,602,294.78	686,483.47	187,874.22	915,811.31	1,103,685.53	-			
Proprietary Type Funds										
Enterprise Funds										
Sewer Utility	154,442.81	321,480.86	261,831.88	-	214,091.79	214,091.79	154,442.81			
Water Utility	104,072.06	404,225.89	438,216.35	7,411.66	70,081.60	77,493.26	104,072.06			
Electric Utility	493,921.36	3,627,089.84	3,664,388.80	198,187.58	456,622.40	654,809.98	493,921.36			
Sewer Revolving Loan	76,492.50	101,653.18	101,356.92	-	76,788.76	76,788.76	76,492.50			
Fiduciary Type Funds										
Expendable Trust										
Industrial Loan and Development	10,504.47	30,304.24	37,608.80	-	3,199.91	3,199.91	10,504.47			
Cemetery Perpetual Care	105,967.34	5,310.34	-	-	111,277.68	111,277.68	105,967.34			
Raymond Memorial Park	5,694.68	138.96	-	-	5,833.64	5,833.64	5,694.68			
Fire Insurance Proceeds	-	4,650.00	4,650.00	-	-	-	-			

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

Statement 1 (Continued)

CITY OF GIRARD, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2009

Funds	Beginning		Cash Receipts	Expenditures	Ending		Plus Accounts		Cash Balances	
	Unencumbered Cash Balances	0.99			Unencumbered Cash Balances	Payable and Encumbrances	2009	December 31, 2008		
Fiduciary Type Funds (Continued)	-	-	-	-	-	-	-	-	-	-
Expendable Trust (Continued)	-	-	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-	-
Community Development Block Grant	0.99	89,604.24	89,604.24	89,604.24	0.99	-	-	-	0.99	0.99
Total Primary Government Component Units	2,004,682.54	8,793,284.97	8,793,284.97	8,280,681.80	2,517,285.71	407,949.46	2,925,235.17	2,239,212.21	2,239,212.21	2,239,212.21
Girard Public Library	81,940.36	229,615.91	229,615.91	221,589.49	89,966.78	-	89,966.78	81,940.36	81,940.36	81,940.36
Raymond Community Home	49,384.08	4,330.98	4,330.98	9,548.23	44,166.83	-	44,166.83	49,384.08	49,384.08	49,384.08
Total Component Units	131,324.44	233,946.89	233,946.89	231,137.72	134,133.61	-	134,133.61	131,324.44	131,324.44	131,324.44
Total Reporting Entity	\$2,136,006.98	\$9,027,231.86	\$9,027,231.86	\$8,511,819.52	\$2,651,419.32	\$407,949.46	\$3,059,368.78	\$2,370,536.65	\$2,370,536.65	\$2,370,536.65

Composition of Cash

Primary Government Accounts	
Petty cash and change	\$725.00
Deposit accounts	1,052,566.15
Certificates of deposit	1,871,944.02
Total Primary Government Component Unit Accounts	2,925,235.17
Girard Public Library	89,966.78
Raymond Community Home	44,166.83
Total Component Units	134,133.61
Total Reporting Entity	\$3,059,368.78

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

CITY OF GIRARD, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended December 31, 2009

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures		Variance - Favorable (Unfavorable)
				Charged to Current Year Budget	Budget	
Governmental Type Funds						
General Fund	\$1,428,588.00	-	\$1,428,588.00	\$1,412,767.93		\$15,820.07
Special Revenue Funds						
Employee Benefits	344,612.00	-	344,612.00	289,852.68		54,759.32
Library Employee Benefits Library	50,178.00	-	50,178.00	49,925.00		253.00
	147,498.00	-	147,498.00	143,893.17		3,604.83
Special Fire Equipment and Law Enforcement	57,908.00	-	57,908.00	57,156.29		751.71
Special Highway	131,125.00	-	131,125.00	107,216.62		23,908.38
Special Parks and Recreation	15,000.00	-	15,000.00	1,450.00		13,550.00
Debt Service						
'95 General Obligation Bond and Interest	279,000.00	-	279,000.00	273,870.00		5,130.00
Fire Station Bond and Interest	76,000.00	-	76,000.00	74,552.50		1,447.50
'01 General Obligation Library Bond & Interest	420,858.00		420,858.00	420,847.57		10.43
KDOT Bond and Interest	156,975.00		156,975.00	156,974.04		0.96
Proprietary Type Funds						
Enterprise Funds						
Water Utility	576,813.00	-	576,813.00	438,216.35		138,596.65
Sewer Utility	316,705.00	-	316,705.00	261,831.88		54,873.12
Electric Utility	3,891,674.00	-	3,891,674.00	3,664,388.80		227,285.20
Sewer Revolving Loan	101,400.00	-	101,400.00	101,356.92		43.08
Fiduciary Type Funds						
Expendable Trust						
Industrial Loan and Development	40,609.00	-	40,609.00	37,608.80		3,000.20
Cemetery Perpetual Care	20,000.00	-	20,000.00	-		20,000.00
Total Primary Government	\$8,054,943.00	-	\$8,054,943.00	\$7,491,908.55		\$563,034.45

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

CITY OF GIRARD, KANSAS

GENERAL FUND

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2009

With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad valorem property tax	\$298,919.46	\$280,354.91	\$280,355.00	(\$0.09)
Delinquent tax	10,601.15	5,329.63	5,330.00	(0.37)
Motor vehicle tax	41,252.98	45,064.90	45,065.00	(0.10)
Machinery and equipment tax	-	3,122.89	3,100.00	22.89
Intergovernmental				
Sales and Compensating use tax	323,512.19	295,475.03	323,028.00	(27,552.97)
Franchise tax	94,162.98	89,492.33	72,326.00	17,166.33
State special assess tax	400.00	1,100.00	1,100.00	-
Local liquor tax	2,523.07	4,193.98	4,311.00	(117.02)
KDOT grant	277.09	14,940.00	-	14,940.00
Emergency preparedness grant	25,797.03	-	-	-
Licenses and Permits	3,332.00	3,590.00	21,000.00	(17,410.00)
Charges for Services				
Swimming pool fees	10,899.25	9,810.35	9,000.00	810.35
Golf fees and cart rental	68,003.00	73,804.00	79,700.00	(5,896.00)
Golf course equipment reserve	4,732.00	5,621.00	5,600.00	21.00
Grave openings	10,025.00	8,875.00	8,800.00	75.00
Fire protection fees	1,080.00	1,080.00	1,000.00	80.00
Copying fees	298.00	315.50	-	315.50
Other fees	1,335.00	1,115.00	1,000.00	115.00
Fines, Forfeitures, and Penalties	22,552.75	15,706.95	17,000.00	(1,293.05)
Use of Money and Property				
Interest income	11,602.37	4,717.48	5,000.00	(282.52)
Miscellaneous				
Reimbursed expenses	51,065.26	40,215.20	-	40,215.20
Other	654.00	983.41	23,816.00	(22,832.59)
Operating Transfers from Other Funds				
Special Highway	12,000.00	12,000.00	12,000.00	-
Water Utility	56,000.00	56,000.00	56,000.00	-
Sewer Utility	22,000.00	22,000.00	22,000.00	-
Electric Utility	200,000.00	300,000.00	200,000.00	100,000.00
Total Cash Receipts	1,273,024.58	1,294,907.56	\$1,196,531.00	\$98,376.56

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

**CITY OF GIRARD, KANSAS
GENERAL FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures				
General Government				
General Government Services				
Personal services	\$126,311.16	\$140,330.42	\$143,115.00	\$2,784.58
Contractual services	73,978.74	89,784.26	90,284.00	499.74
Commodities	22,897.08	15,730.28	20,000.00	4,269.72
Capital outlay	-	7,700.00	10,325.00	2,625.00
Appropriation to				
Raymond Community Home	2,000.00	2,000.00	2,000.00	-
Chamber of Commerce	4,000.00	1,517.32	4,000.00	2,482.68
Legal Department				
Contractual services	7,293.94	26,026.40	28,000.00	1,973.60
Public Safety				
Police Department				
Personal services	214,578.07	229,011.03	229,050.00	38.97
Contractual services	10,422.26	7,596.82	7,900.00	303.18
Commodities	20,919.13	19,735.09	18,850.00	(885.09)
Capital outlay	4,978.06	4,725.99	4,200.00	(525.99)
Animal Control Department				
Contractual services	5,276.50	4,192.57	4,300.00	107.43
Commodities	141.59	-	300.00	300.00
Fire Department				
Personal services	187,128.63	175,280.91	176,438.00	1,157.09
Contractual services	11,544.67	8,969.89	16,500.00	7,530.11
Commodities	23,437.35	13,451.31	24,800.00	11,348.69
Capital outlay	3,859.53	8,063.48	8,262.00	198.52
Emergency Management Department				
Personal services	600.00	350.00	500.00	150.00
Commodities	1,042.23	-	-	-
Municipal Court Department				
Personal services	29,425.00	30,356.24	30,500.00	143.76
Contractual services	4,013.85	3,797.89	3,664.00	(133.89)
Commodities	1,286.19	517.13	-	(517.13)
Street Department				
Personal services	66,135.07	71,821.03	77,175.00	5,353.97
Contractual services	5,678.88	4,195.33	4,800.00	604.67
Commodities	33,595.32	28,806.32	29,700.00	893.68
Capital outlay	-	-	-	-

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

CITY OF GIRARD, KANSAS
GENERAL FUND

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures (Continued)				
Culture and Recreation				
Parks Department				
Personal services	\$24,153.46	\$27,081.20	\$26,250.00	(\$831.20)
Contractual services	610.22	654.80	2,000.00	1,345.20
Commodities	3,275.58	7,575.14	6,500.00	(1,075.14)
Capital outlay	811.75	10,717.25	11,350.00	632.75
Golf Department				
Personal services	45,207.31	53,416.70	56,455.00	3,038.30
Contractual services	34,630.45	32,583.02	31,500.00	(1,083.02)
Commodities	29,024.07	38,855.06	31,000.00	(7,855.06)
Capital outlay	1,474.16	238,885.63	219,069.00	(19,816.63)
Civic Center Department				
Contractual services	3,616.72	3,539.60	3,600.00	60.40
Commodities	371.14	29.12	-	(29.12)
Cemetery Department				
Personal services	69,326.51	70,335.67	70,345.00	9.33
Contractual services	1,815.08	1,961.22	2,426.00	464.78
Commodities	8,599.56	10,954.07	10,800.00	(154.07)
Capital outlay	-	-	-	-
Debt Service				
Lease Purchase principal	-	16,160.20	16,160.00	(0.20)
Lease Purchase interest	-	2,470.54	2,470.00	(0.54)
Operating Transfer to Other Funds				
Golf Equipment Reserve	4,721.00	3,589.00	4,000.00	411.00
Total Expenditures	<u>1,088,180.26</u>	<u>1,412,767.93</u>	<u>\$1,428,588.00</u>	<u>\$15,820.07</u>
Receipts Over (Under) Expenditures	184,844.32	(117,860.37)		
Unencumbered Cash, Beginning	<u>156,869.54</u>	<u>341,713.86</u>		
Unencumbered Cash, Ending	<u>\$341,713.86</u>	<u>\$223,853.49</u>		

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

CITY OF GIRARD, KANSAS
EMPLOYEE BENEFITS FUND

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2009

With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad valorem property tax	\$143,818.49	\$192,035.50	\$188,555.00	\$3,480.50
Delinquent tax	6,263.24	2,961.97	5,000.00	(2,038.03)
Motor vehicle tax	24,403.69	22,785.59	23,756.00	(970.41)
Machinery and equipment tax	-	2,139.10	4,048.00	(1,908.90)
Intergovernmental				
COPS Grant	-	-	13,000.00	(13,000.00)
Use of Money and Property				
Interest income	728.24	1,949.98	1,000.00	949.98
Miscellaneous				
Reimbursed expenses	13,866.36	14,349.60	-	14,349.60
Operating Transfers from Other Funds				
Sewer Utility	16,000.00	16,000.00	16,000.00	-
Water Utility	20,000.00	20,000.00	20,000.00	-
Electric Utility	42,000.00	42,000.00	42,000.00	-
Total Cash Receipts	<u>267,080.02</u>	<u>314,221.74</u>	<u>\$313,359.00</u>	<u>\$862.74</u>
Expenditures				
General Government				
Personal Services				
Social Security and Medicare	55,537.15	57,821.63	\$57,750.00	(\$71.63)
KPERs	34,076.90	36,965.95	41,800.00	4,834.05
Blue Cross/Blue Shield	154,324.54	165,765.27	206,062.00	40,296.73
State unemployment	3,762.04	2,260.57	4,000.00	1,739.43
Workers compensation	32,074.58	27,039.26	35,000.00	7,960.74
Total Expenditures	<u>279,775.21</u>	<u>289,852.68</u>	<u>\$344,612.00</u>	<u>\$54,759.32</u>
Receipts Over (Under) Expenditures	(12,695.19)	24,369.06		
Unencumbered Cash, Beginning	<u>69,368.22</u>	<u>56,673.03</u>		
Unencumbered Cash, Ending	<u>\$56,673.03</u>	<u>\$81,042.09</u>		

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

CITY OF GIRARD, KANSAS
LIBRARY EMPLOYEE BENEFITS FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad valorem property tax	\$40,206.67	\$42,170.14	\$41,407.00	\$763.14
Delinquent tax	1,780.73	800.06	1,000.00	(199.94)
Motor vehicle tax	6,948.42	6,485.06	6,639.00	(153.94)
Machinery and equipment tax	-	469.74	1,132.00	(662.26)
Total Cash Receipts	48,935.82	49,925.00	\$50,178.00	(\$253.00)
Expenditures				
Culture and Recreation				
Appropriation to Girard				
Public Library	48,935.82	49,925.00	\$50,178.00	\$253.00
Total Expenditures	48,935.82	49,925.00	\$50,178.00	\$253.00
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	-	-		

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

CITY OF GIRARD, KANSAS

LIBRARY FUND

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2009

With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad valorem property tax	\$112,228.90	\$109,978.76	\$107,984.00	\$1,994.76
Delinquent tax	4,650.79	2,204.34	4,815.00	(2,610.66)
Motor vehicle tax	17,812.06	17,485.01	18,539.00	(1,053.99)
Machinery and equipment tax	-	1,225.06	3,160.00	(1,934.94)
Operating Transfers from Other Funds				
Electric Utility Fund	4,000.00	13,000.00	13,000.00	-
Total Cash Receipts	138,691.75	143,893.17	\$147,498.00	(\$3,604.83)
Expenditures				
Appropriation to Girard Public Library	138,691.75	143,893.17	\$147,498.00	\$3,604.83
Total Expenditures	138,691.75	143,893.17	\$147,498.00	\$3,604.83
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	-	-		

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

CITY OF GIRARD, KANSAS
SPECIAL FIRE EQUIPMENT AND LAW ENFORCEMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad valorem property tax	\$27,871.19	\$27,498.11	\$27,498.00	\$0.11
Delinquent tax	1,023.37	533.68	534.00	(0.32)
Motor vehicle tax	3,352.34	4,305.86	4,305.00	0.86
Machinery and equipment tax	-	306.30	306.00	0.30
Intergovernmental				
Fire act grant	-	25,345.00	25,345.00	-
Miscellaneous				
Other	-	-	633.00	(633.00)
Use of Money and Property				
Interest income	1,985.76	857.66	218.00	639.66
Total Cash Receipts	34,232.66	58,846.61	\$58,839.00	\$7.61
Expenditures				
Public Safety				
Capital Outlay	34,240.10	52,248.53	53,000.00	751.47
Debt Service				
Capital lease principal	4,188.98	4,457.51	4,189.00	(268.51)
Capital lease interest	718.78	450.25	719.00	268.75
Subtotal			57,908.00	
Adjustments for Qualifying Federal Grants	-	-	-	-
Total Expenditures	39,147.86	57,156.29	\$57,908.00	\$751.71
Receipts Over (Under) Expenditures	(4,915.20)	1,690.32		
Unencumbered Cash, Beginning	11,293.47	6,378.27		
Unencumbered Cash, Ending	\$6,378.27	\$8,068.59		

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

CITY OF GIRARD, KANSAS
SPECIAL HIGHWAY FUND

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2009

With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
State payments	\$77,860.83	\$69,016.23	\$79,070.00	(\$10,053.77)
County payments	10,161.17	9,225.27	10,360.00	(1,134.73)
KDOT connect link payments	27,024.60	26,987.40	27,000.00	(12.60)
Emergency preparedness grant	2,929.82	-	-	-
Miscellaneous				
Reimbursed expenses	4,144.33	-	-	-
Use of Money and Property				
Interest income	590.26	398.64	200.00	198.64
Total Cash Receipts	122,711.01	105,627.54	\$116,630.00	(\$11,002.46)
Expenditures				
Highways and Streets				
Personal services	66,535.85	68,154.42	\$76,125.00	\$7,970.58
Contractual services	5,198.47	5,584.46	8,000.00	2,415.54
Commodities	20,401.25	21,477.74	15,000.00	(6,477.74)
Capital outlay	-	-	20,000.00	20,000.00
Operating Transfer to General Fund	12,000.00	12,000.00	12,000.00	-
Subtotal			131,125.00	
Adjustments for Grants & Reimbursements			-	-
Total Expenditures	104,135.57	107,216.62	\$131,125.00	\$23,908.38
Receipts Over (Under) Expenditures	18,575.44	(1,589.08)		
Unencumbered Cash, Beginning	4,469.30	23,044.74		
Unencumbered Cash, Ending	<u>\$23,044.74</u>	<u>\$21,455.66</u>		

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

CITY OF GIRARD, KANSAS
CAPITAL IMPROVEMENTS FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Use of Money and Property		
Interest income	\$269.94	\$178.39
Miscellaneous		
Reimbursed expenses	-	1,045.69
Other	3,803.40	3,843.07
Operating Transfers from Other Funds		
Water Utility	15,000.00	-
Sewer Utility	-	-
Electric Utility	57,000.00	-
Total Cash Receipts	<u>76,073.34</u>	<u>5,067.15</u>
Expenditures		
General Governmental		
Capital outlay	5,000.00	5,398.60
Operating Transfers to		
Fire Station Bond and Interest Fund	72,000.00	-
Total Expenditures	<u>77,000.00</u>	<u>5,398.60</u>
Receipts Over (Under) Expenditures	(926.66)	(331.45)
Unencumbered Cash, Beginning	<u>14,799.93</u>	<u>13,873.27</u>
Unencumbered Cash, Ending	<u>\$13,873.27</u>	<u>\$13,541.82</u>

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

CITY OF GIRARD, KANSAS
SPECIAL PARKS AND RECREATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Local liquor tax	\$2,523.08	\$4,193.97	\$3,070.00	\$1,123.97
Total Cash Receipts	<u>2,523.08</u>	<u>4,193.97</u>	<u>\$3,070.00</u>	<u>\$1,123.97</u>
Expenditures				
General Governmental				
Capital outlay	-	1,450.00	\$15,000.00	\$13,550.00
Total Expenditures	<u>-</u>	<u>1,450.00</u>	<u>\$15,000.00</u>	<u>\$13,550.00</u>
Receipts Over (Under) Expenditures	2523.08	2743.97		
Unencumbered Cash, Beginning	<u>14,042.59</u>	<u>16,565.67</u>		
Unencumbered Cash, Ending	<u>\$16,565.67</u>	<u>\$19,309.64</u>		

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

CITY OF GIRARD, KANSAS
GOLF EQUIPMENT RESERVE FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Operating Transfer from Other Funds		
General	\$4,721.00	\$3,589.00
Total Cash Receipts	<u>4,721.00</u>	<u>3,589.00</u>
Expenditures		
Culture and Recreation		
Capital Outlay	-	-
Debt Service		
Capital lease principal	2,443.60	2,556.40
Capital lease interest	194.56	80.54
Total Expenditures	<u>2,638.16</u>	<u>2,636.94</u>
Receipts Over (Under) Expenditures	2,082.84	952.06
Unencumbered Cash, Beginning	<u>2,351.17</u>	<u>4,434.01</u>
Unencumbered Cash, Ending	<u><u>\$4,434.01</u></u>	<u><u>\$5,386.07</u></u>

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

CITY OF GIRARD, KANSAS
'95 GENERAL OBLIGATION BOND AND INTEREST FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2009
 With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Use of Money and Property				
Interest Income	\$3,073.40	\$713.44	\$4,000.00	(\$3,286.56)
Operating Transfers from Electric Utility Fund	270,000.00	280,000.00	280,000.00	-
Total Cash Receipts	<u>273,073.40</u>	<u>280,713.44</u>	<u>\$284,000.00</u>	<u>(\$3,286.56)</u>
Expenditures				
Debt Service				
Bond Principal	255,000.00	260,000.00	\$260,000.00	-
Bond Interest	21,010.00	13,870.00	18,870.00	5,000.00
Commissions and Postage	-	-	130.00	130.00
Total Expenditures	<u>276,010.00</u>	<u>273,870.00</u>	<u>279,000.00</u>	<u>\$5,130.00</u>
Receipts Over (Under) Expenditures	(2,936.60)	6,843.44		
Unencumbered Cash, Beginning	<u>117,956.28</u>	<u>115,019.68</u>		
Unencumbered Cash, Ending	<u>\$115,019.68</u>	<u>\$121,863.12</u>		

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

CITY OF GIRARD, KANSAS
FIRE STATION BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Year Actual	Budget	
Cash Receipts				
Use of Money and Property				
Interest Income	\$767.87	\$317.27	-	\$317.27
Funds provided by Trustee	9,314.98	14,549.91	-	14,549.91
Operating Transfers from Other Funds				
Capital Improvements	72,000.00	-	-	-
Water Utility		15,000.00	15,000.00	-
Electric Utility	-	57,000.00	57,000.00	-
Total Cash Receipts	82,082.85	86,867.18	\$72,000.00	\$14,867.18
Expenditures				
Debt Service				
Certificates of Participation principal	-	-	-	-
Certificates of Participation interest	71,802.50	71,802.50	71,803.00	0.50
Other	2,500.00	2,750.00	4,197.00	1,447.00
Total Expenditures	74,302.50	74,552.50	76,000.00	\$1,447.50
Receipts Over (Under) Expenditures	7,780.35	12,314.68		
Unencumbered Cash, Beginning	14,095.64	21,875.99		
Unencumbered Cash, Ending	<u>\$21,875.99</u>	<u>\$34,190.67</u>		

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

CITY OF GIRARD, KANSAS
'01 GENERAL OBLIGATION LIBRARY BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Year Actual	Budget	
Cash Receipts				
Intergovernmental				
Sales and Compensating use tax	\$136,452.89	\$128,129.93	\$130,000.00	(\$1,870.07)
Use of Money and Property				
Interest Income	8,856.08	913.51	-	913.51
Total Cash Receipts	145,308.97	129,043.44	\$130,000.00	(\$956.56)
Expenditures				
Debt Service				
Bond Principal	65,000.00	100,000.00	\$100,000.00	-
Bond Interest	55,797.50	14,585.63	14,586.00	0.37
Other	-	306,261.94	306,272.00	10.06
Total Expenditures	120,797.50	420,847.57	\$420,858.00	\$10.43
Receipts Over (Under) Expenditures	24,511.47	(291,804.13)		
Unencumbered Cash, Beginning	309,202.45	333,713.92		
Unencumbered Cash, Ending	\$333,713.92	\$41,909.79		

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

CITY OF GIRARD, KANSAS
KDOT BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Year Actual	Budget	
Cash Receipts				
Intergovernmental				
Sales and Compensating use tax	\$136,452.90	\$128,129.97	\$89,000.00	\$39,129.97
Use of Money and Property				
Interest Income	4,108.69	549.87	-	
Miscellaneous				
Reimbursed expenses	103.32	957.00	-	
Total Cash Receipts	<u>140,664.91</u>	<u>129,636.84</u>	<u>\$89,000.00</u>	<u>\$39,129.97</u>
Expenditures				
Debt Service				
Revolving loan principal	\$138,456.04	\$134,849.20	\$134,850.00	\$0.80
Revolving loan interest	18,518.00	22,124.84	22,125.00	0.16
Total Expenditures	<u>156,974.04</u>	<u>156,974.04</u>	<u>\$156,975.00</u>	<u>\$0.96</u>
Receipts Over (Under) Expenditures	(16,309.13)	(27,337.20)		
Unencumbered Cash, Beginning	<u>136,603.02</u>	<u>120,293.89</u>		
Unencumbered Cash, Ending	<u>\$120,293.89</u>	<u>\$92,956.69</u>		

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

CITY OF GIRARD, KANSAS
CAPITAL PROJECTS FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Use of Money and Property		
Interest Income	-	\$11,262.23
Proceeds from Temporary Note	-	1,591,000.00
Miscellaneous		
Reimbursed expenses	-	32.55
	<u>-</u>	<u>1,602,294.78</u>
Total Cash Receipts	-	1,602,294.78
Expenditures		
Capital Outlay		
Sewer Capital Project	-	151,374.09
Water Capital Project	-	133,498.41
Sports Complex Capital Project	-	392,721.72
Debt Service		
Principal on Temporary Note	-	-
Interest on Temporary Note	-	8,889.25
	<u>-</u>	<u>686,483.47</u>
Total Expenditures	-	686,483.47
Receipts Over (Under) Expenditures	-	915,811.31
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>-</u>	<u>\$915,811.31</u>

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

CITY OF GIRARD, KANSAS
SEWER UTILITY FUND

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2009

With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Operating Revenue				
Charges for services	\$325,587.54	\$318,994.23	\$345,000.00	(\$26,005.77)
Nonoperating revenue				
Interest income	3,581.23	2,441.94	2,000.00	441.94
Emergency preparedness grant	3,491.88	-	-	-
Reimbursed expenses	21,621.56	0.17	-	0.17
Other	1,260.68	44.52	-	44.52
Total Cash Receipts	355,542.89	321,480.86	\$347,000.00	(\$25,519.14)
Expenditures				
Line and Treatment Department				
Personal services	98,778.36	102,082.20	\$102,648.00	\$565.80
Contractual services	7,059.26	7,836.43	10,000.00	2,163.57
Commodities	24,135.04	12,556.25	29,700.00	17,143.75
Capital outlay	27,843.33	-	35,000.00	35,000.00
Operating Transfers to Other Funds				
General	22,000.00	22,000.00	22,000.00	-
Employee Benefit	16,000.00	16,000.00	16,000.00	-
Capital Improvements	-	-	-	-
Sewer Revolving Loan	101,357.00	101,357.00	101,357.00	-
Alcohol and Drug Abuse Identification, Prevention and Treatment	-	-	-	-
Total Expenditures	297,172.99	261,831.88	316,705.00	54,873.12
Receipts Over (Under) Expenditures	58,369.90	59,648.98		
Unencumbered Cash, Beginning	96,072.91	154,442.81		
Unencumbered Cash, Ending	\$154,442.81	\$214,091.79		

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

CITY OF GIRARD, KANSAS
WATER UTILITY FUND

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Operating Receipts				
Charges for services	\$392,989.31	\$386,522.90	\$437,000.00	(\$50,477.10)
Nonoperating Receipts				
Interest income	4,671.61	1,465.05	5,000.00	(3,534.95)
Reimbursed expenses	153.32	14,847.00	-	14,847.00
Other	2,509.94	1,390.94	-	1,390.94
Total Cash Receipts	<u>400,324.18</u>	<u>404,225.89</u>	<u>\$442,000.00</u>	<u>(\$37,774.11)</u>
Expenditures				
Production				
Contractual services	195,822.54	198,882.81	\$210,000.00	\$11,117.19
Commodities	17,282.54	8,728.31	6,500.00	(2,228.31)
Capital outlay	2,481.42	9,281.31	50,000.00	40,718.69
Transmission and Distribution				
Personal services	63,538.70	64,029.07	64,313.00	283.93
Contractual services	1,734.05	1,724.72	5,000.00	3,275.28
Commodities	32,285.52	25,064.97	45,000.00	19,935.03
Capital Outlay	20,757.42	23,784.68	60,000.00	36,215.32
General Administration				
Personal services	-	-	-	-
Contractual services	10,937.75	12,797.69	25,000.00	12,202.31
Commodities	3,638.49	2,922.79	20,000.00	17,077.21
Operating Transfers to Other Funds				
General	56,000.00	56,000.00	56,000.00	-
Employee Benefits	20,000.00	20,000.00	20,000.00	-
Fire Station Bond and Interest	-	15,000.00	15,000.00	-
Capital Improvements	15,000.00	-	-	-
Total Expenditures	<u>439,478.43</u>	<u>438,216.35</u>	<u>\$576,813.00</u>	<u>\$138,596.65</u>
Receipts Over (Under) Expenditures	(39,154.25)	(33,990.46)		
Unencumbered Cash, Beginning	<u>143,226.31</u>	<u>104,072.06</u>		
Unencumbered Cash, Ending	<u>\$104,072.06</u>	<u>\$70,081.60</u>		

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

CITY OF GIRARD, KANSAS
ELECTRIC UTILITY FUND

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2009

With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Operating Revenue				
Charges for services	\$3,390,371.49	\$3,568,255.44	\$3,700,000.00	(\$131,744.56)
Nonoperating Revenue				
Interest income	24,367.38	7,189.29	16,000.00	(8,810.71)
Emergency preparedness grant	18,148.11	-	-	-
Westar lawsuit settlement	350,000.00	-	-	-
Reimbursed expenses	5,210.26	48,712.56	-	48,712.56
Other	28,551.87	2,932.55	1,000.00	1,932.55
Total Cash Receipts	3,816,649.11	3,627,089.84	\$3,717,000.00	(\$89,910.16)
Expenditures				
Production				
Personal services	245,568.65	263,776.31	\$269,587.00	\$5,810.69
Contractual services	2,252,808.06	1,831,351.54	1,901,000.00	69,648.46
Commodities	15,236.27	36,546.65	82,500.00	45,953.35
Capital outlay	13,557.14	903.55	78,000.00	77,096.45
Transmission and Distribution				
Personal services	348,849.14	366,297.00	379,418.00	13,121.00
Contractual services	14,073.19	14,388.66	16,000.00	1,611.34
Commodities	106,114.64	134,129.95	185,000.00	50,870.05
Capital outlay	55,770.53	43,923.35	75,000.00	31,076.65
General and Administration				
Personal services	105,282.47	109,568.98	112,875.00	3,306.02
Contractual services	143,173.90	103,598.23	85,000.00	(18,598.23)
Commodities	8,710.54	5,157.77	20,000.00	14,842.23
Debt Service				
Capital lease principal	29,995.33	30,109.65	65,094.00	34,984.35
Capital lease interest	2,551.48	2,437.16	-	(2,437.16)

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

**CITY OF GIRARD, KANSAS
ELECTRIC UTILITY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to Other Funds				
General	\$200,000.00	\$300,000.00	\$200,000.00	(\$100,000.00)
Employee Benefits	42,000.00	42,000.00	42,000.00	-
Capital Improvements	57,000.00	-	-	-
Fire Station Bond and Interest	-	57,000.00	57,000.00	-
'95 General Obligation Bond and Interest Fund	270,000.00	280,000.00	280,000.00	-
Industrial Loan and Development	30,200.00	30,200.00	30,200.00	-
Library Fund	4,000.00	13,000.00	13,000.00	-
Total Expenditures	<u>3,944,891.34</u>	<u>3,664,388.80</u>	<u>\$3,891,674.00</u>	<u>\$227,285.20</u>
Receipts Over (Under) Expenditures	(128,242.23)	(37,298.96)		
Unencumbered Cash, Beginning	<u>622,163.59</u>	<u>493,921.36</u>		
Unencumbered Cash, Ending	<u>\$493,921.36</u>	<u>\$456,622.40</u>		

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

CITY OF GIRARD, KANSAS
SEWER REVOLVING LOAN FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Use of Money and Property				
Interest income	\$579.72	\$296.18	\$400.00	\$103.82
Operating Transfers from Sewer Utility Fund	101,357.00	101,357.00	101,357.00	-
Total Cash Receipts	101,936.72	101,653.18	\$101,757.00	\$103.82
Expenditures				
Debt Service				
Revolving Loan principal	74,912.03	77,892.63	\$77,893.00	\$0.37
Revolving Loan interest	26,444.89	23,464.29	23,507.00	42.71
Total Expenditures	101,356.92	101,356.92	\$101,400.00	\$43.08
Receipts Over (Under) Expenditures	579.80	296.26		
Unencumbered Cash, Beginning	75,912.70	76,492.50		
Unencumbered Cash, Ending	<u>\$76,492.50</u>	<u>\$76,788.76</u>		

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

CITY OF GIRARD, KANSAS
INDUSTRIAL LOAN AND DEVELOPMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Use of Money and Property				
Interest income	\$382.70	\$104.24	\$300.00	(\$195.76)
Operating Transfers from Electric Utility Fund	30,200.00	30,200.00	30,200.00	-
Total Cash Receipts	<u>30,582.70</u>	<u>30,304.24</u>	<u>\$30,500.00</u>	<u>(\$195.76)</u>
Expenditures				
General Government				
Appropriation to the Chamber of Commerce	\$22,500.00	\$22,500.00	\$22,500.00	-
Contractual Services	-	-	3,000.00	(3,000.00)
Capital Outlay	-	-	-	-
Debt Sevice				
Capital lease principal	13,090.17	13,621.73	13,604.00	(17.73)
Capital lease interest	2,018.63	1,487.07	1,505.00	17.93
Total Expenditures	<u>37,608.80</u>	<u>37,608.80</u>	<u>\$40,609.00</u>	<u>\$3,000.20</u>
Receipts Over (Under) Expenditures	(7,026.10)	(7,304.56)		
Unencumbered Cash, Beginning	<u>17,530.57</u>	<u>10,504.47</u>		
Unencumbered Cash, Ending	<u>\$10,504.47</u>	<u>\$3,199.91</u>		

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

CITY OF GIRARD, KANSAS
CEMETERY PERPETUAL CARE FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Use of Money and Property				
Interest income	\$3,278.42	\$1,535.34	\$3,600.00	(\$2,064.66)
Sale of cemetery lots	8,600.00	3,775.00	8,000.00	(4,225.00)
Miscellaneous				
Reimbursed Expenses	-	-	-	-
Total Cash Receipts	11,878.42	5,310.34	\$11,600.00	(\$6,289.66)
Expenditures				
General Government				
Contractual Services	3,074.98	-	-	-
Capital outlay	12,839.35	-	20,000.00	20,000.00
Total Expenditures	15,914.33	-	\$20,000.00	\$20,000.00
Receipts Over (Under) Expenditures	(4,035.91)	5,310.34		
Unencumbered Cash, Beginning	110,003.25	105,967.34		
Unencumbered Cash, Ending	\$105,967.34	\$111,277.68		

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

CITY OF GIRARD, KANSAS
RAYMOND MEMORIAL PARK FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Use of Money and Property		
Interest income	<u>\$268.26</u>	<u>\$138.96</u>
Total Cash Receipts	<u>268.26</u>	<u>138.96</u>
Expenditures		
General Government		
Contractual services	-	-
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	268.26	138.96
Unencumbered Cash, Beginning	<u>5,426.42</u>	<u>5,694.68</u>
Unencumbered Cash, Ending	<u><u>\$5,694.68</u></u>	<u><u>\$5,833.64</u></u>

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

CITY OF GIRARD, KANSAS
FIRE INSURANCE PROCEEDS FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Miscellaneous		
Other	-	\$4,650.00
	<u>-</u>	<u>\$4,650.00</u>
Total Cash Receipts	-	4,650.00
	<u>-</u>	<u>4,650.00</u>
Expenditures		
General Government	-	4,650.00
	<u>-</u>	<u>4,650.00</u>
Total Expenditures	-	4,650.00
	<u>-</u>	<u>4,650.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	-	-
	<u>-</u>	<u>-</u>

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

CITY OF GIRARD, KANSAS
MUNICIPAL COURT FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Fines, Forfeitures, and Penalties	\$6,817.50	-
Total Cash Receipts	<u>6,817.50</u>	<u>-</u>
Expenditures		
General Government	6,817.50	-
Total Expenditures	<u>6,817.50</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>-</u></u>	<u><u>-</u></u>

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

CITY OF GIRARD, KANSAS
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Intergovernmental:		
CDBG Grant	\$40,475.00	\$20,230.00
Use of Money and Property		
Loan Payments	166,440.00	69,374.24
	<u>206,915.00</u>	<u>89,604.24</u>
Total Cash Receipts		
Expenditures		
Economic Development		
Administrative Expense	40,475.00	20,230.00
Payment to State	166,440.00	69,374.24
	<u>206,915.00</u>	<u>89,604.24</u>
Total Expenditures		
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>0.99</u>	<u>0.99</u>
Unencumbered Cash, Ending	<u>\$0.99</u>	<u>\$0.99</u>

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

CITY OF GIRARD, KANSAS
GIRARD PUBLIC LIBRARY - A COMPONENT UNIT
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
Appropriation from City	\$187,627.57	\$190,610.27
State aid	1,806.00	1,703.00
Grants and donations	19,478.54	19,059.00
Use of Money & Property		
Interest income	2,059.39	1,733.15
Miscellaneous		
Other	9,717.96	16,510.49
Total Cash Receipts	<u>220,689.46</u>	<u>229,615.91</u>
Expenditures		
Culture and Recreation		
Personal services	80,076.89	81,207.04
Contractual services	75,431.86	77,860.35
Commodities		
Books and periodicals	24,933.85	23,023.98
Supplies	22,354.83	17,561.05
Other	11,234.01	10,142.21
Capital outlay	18,526.64	11,794.86
Total Expenditures	<u>232,558.08</u>	<u>221,589.49</u>
Receipts Over (Under) Expenditures	(11,868.62)	8,026.42
Unencumbered Cash, Beginning	<u>93,808.98</u>	<u>81,940.36</u>
Unencumbered Cash, Ending	<u>\$81,940.36</u>	<u>\$89,966.78</u>

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

CITY OF GIRARD, KANSAS
RAYMOND COMMUNITY HOME - A COMPONENT UNIT
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2009
With Comparative Actual Amounts for the Year Ended December 31, 2008

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
Appropriation from City	\$2,000.00	\$2,000.00
Grants and donations	500.00	750.00
Use of Money and Property		
Interest income	427.30	342.98
Other	207.08	-
Operating Revenues		
Rents	1,262.50	1,238.00
Total Cash Receipts	<u>4,396.88</u>	<u>4,330.98</u>
Expenditures		
Culture and Recreation		
Contractual services		
Utilities	1,534.29	1,292.85
Other	2,379.16	1,949.72
Commodities		
Other	234.96	31.26
Capital Outlay	-	6,274.40
Total Expenditures	<u>4,148.41</u>	<u>9,548.23</u>
Receipts Over (Under) Expenditures	248.47	(5,217.25)
Unencumbered Cash, Beginning	<u>49,135.61</u>	<u>49,384.08</u>
Unencumbered Cash, Ending	<u><u>\$49,384.08</u></u>	<u><u>\$44,166.83</u></u>

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

CITY OF GIRARD, KANSAS

Notes to the Financial Statements
For the Year Ended December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Girard, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity

The City of Girard, Kansas (the City) is a municipal corporation governed by an elected five-member council. These financial statements present the City of Girard, Kansas (the primary government), and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Units

The component unit's section of the financial statements includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the City. The governing bodies of these component units are appointed by the City.

Girard Public Library

The City of Girard Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City.

Raymond Community Home

The City of Girard Raymond Community Home Board operates the City's Community Home. The Community Board can sue and be sued. Bond issuances must be approved by the City.

The Girard Housing Authority operates the City's housing projects. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. The Housing Authority's financial statements should be included with the City's financial statements. However, the statements are omitted in an apparent departure from accounting principles generally accepted in the United States of America.

There are no other separate entities related to the City of Girard, which should be accounted for in the City's financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation - Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction, or limitations.

The following types of funds comprise the financial activities of the City of Girard, Kansas:

GOVERNMENTAL FUNDS

General Fund -- to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds -- to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Capital Project Funds -- the Capital Project Funds account for capital improvements (except for those financed by proprietary funds) which are financed from the city's general obligation bond issues, special assessments, certain federal grants and other specific receipts.

Debt Service Fund -- to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City of Girard, Kansas.

PROPRIETARY FUNDS

Enterprise Funds -- to account for operations that are financed and operated in a manner similar to private business enterprises -- where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges -- or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Trust and Agency Funds -- to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust Funds and Agency Funds.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made. The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Departures from Accounting Principles Generally Accepted in the United States of America

The basis of presentation described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expenses; liabilities such as deferred revenue and matured principal and interest payable; and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance, encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

The Girard Housing Authority - a component unit - has been omitted from these financial statements.

Budgetary Information

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

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)
Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. As noted in Note 11, the General, Special Fire and Law, and 01 Bond and Interest Fund Budgets were amended in 2009.

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

Annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, reserve accounts established by bond ordinances, and the following special revenue funds:

- Capital Improvements Fund (K.S.A. 12-1, 118)
- Golf Equipment Reserve Fund (K.S.A. 12-1, 117)

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

Cash and Investments

Cash and investments include checking accounts, interest-bearing Super NOW accounts, savings accounts, and certificates of deposit. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements and, in certain cases, obligations of the U.S. Treasury.

Compensated Absences

All regular full-time employees are eligible for vacation benefits. Employees are allowed to accumulate and carry forward a maximum of 25 days. Hours accumulated and not taken in excess of these limits at December 31 of each year are lost by the employees. New employees must work a minimum of twelve months to utilize earned vacation benefits. Unused vacation benefits are paid to employees when employment with the City terminates.

All regular full-time employees are also eligible for sick leave benefits. Employees accrue sick leave at the rate of 12 days per year with a maximum of 60 days. Unused sick leave benefits are lost to employees when employment with the City terminates.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)
Compensated Absences (Continued)

The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable and can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for vacation pay which has been earned but not taken by City employees. The liability for compensated absences is recorded in the general long-term debt account group since it is anticipated that none of the liability will be liquidated with available financial resources.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System or the State of Kansas Police and Fire Retirement System, both of which are multi-employer statewide pension plans. The City's policy is to fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State.

Termination and Post Employment Benefits

No termination benefits are provided to City employees when employment with the City ends except for the accrued compensated absences as discussed in Note 1.

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data in each of the statements has not been presented since their inclusion would make the statements unduly complex and difficult to read.

2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Compliance With Kansas Statutes

These financial statements are designed to show compliance with the cash-basis and budget laws of Kansas. As shown in Statements 1 and 2, the City was in apparent compliance with the cash-basis and budget laws of Kansas.

3. **CASH INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not have any "peak periods" designated.

At December 31, 2009 the City's carrying amount of deposits was \$2,925,010.17 and the bank balance was \$2,354,938.82. The bank balance was held by three banks resulting in a diversification of credit risk. Of the bank balance, \$505,340.40 was covered by federal depository insurance, and the remaining \$1,849,598.42 was collateralized with securities totaling \$2,288,872.78 held by the pledging financial institutions' agents in the City's name.

4. **DISCLOSURES FOR COMPONENT UNITS**

GIRARD PUBLIC LIBRARY

The Library's basis of accounting is the same as the City's basis as described in Note 1. The Library is not subject to the budgetary statutes applicable to Cities in the State of Kansas. Cash consists of deposits in bank accounts fully secured by FDIC insurance. The Library participates in the KPER's retirement system referred to in Note 8. The Library's employer contributions for 2009, 2008, and 2007, equaled \$5,754.99, \$6,628.96, and \$2,604.49, respectively. The Library manages exposure to various risks of loss due to torts; theft of, damage to, or destruction to assets; errors and omissions; and injuries to employees by purchasing various insurance policies.

RAYMOND COMMUNITY HOME

The Community Home's basis of accounting is the same as the City's basis as described in Note 1. The Community Home is not subject to the budgetary statutes applicable to Cities in the State of Kansas. Cash consists of deposits in bank accounts fully secured by FDIC insurance. The Community Home manages exposure to various risks of loss due to torts; theft of, damage to, or destruction to assets; errors and omissions; and injuries to employees by purchasing various insurance policies.

5. **LONG-TERM OBLIGATIONS**

Long-term obligations of the City consist of the following:

General Obligation Bonds

General Obligation Refunding bonds, Series 2003, payable in semi-annual installments of \$180,000 to \$260,000, plus interest at 3.30%, maturing August 1, 2010.

General Obligation Sales Tax Refunding Bonds, Series 2009, payable in semi-annual installments of \$80,000 to \$115,000, plus interest at 1.5% to 3.10% maturing December 1, 2016.

General Obligation Temporary Notes

General Obligation Temporary Note, Series 2009A, payable in semi-annual interest payments at 1.00% with principal of \$630,000 due May 1, 2010.

General Obligation Temporary Note, Series 2009B, payable in semi-annual interest payments at 1.85%, with principal of \$961,000 due May 1, 2012.

Revolving Loan

Revolving Loan from the Kansas Department of Health and Environment, dated December 22, 1994, payable in semi-annual installments of \$50,678.46, including interest at 3.94%, maturing September 1, 2015.

Revolving Loan from Kansas Department of Transportation, dated September 17, 2007, payable in semi-annual installments of \$2,775 to \$152,246, including interest at 3.94%, maturing August 1, 2012.

5. **LONG-TERM OBLIGATIONS** (Continued)
(Capital Lease Obligations)

Refunding Certificates of Participation

City Hall and Fire Station, dated June 29, 2006, payable in semi-annual interest only payments until December 2010, and then semi-annual interest and annual principal payments ranging from \$8,486.25 to \$373,486.25, including interest at 4.10% to 4.65%, maturing December 1, 2019.

Capital Lease Obligations

1986 75' Quint Fire Truck, payable in monthly installments of \$409, including interest at 4.205%, maturing December 3, 2011.

Land, payable in semi-annual installments of \$7,554.40, including interest of 3.85%, maturing July 31, 2011.

Toro Groundmaster 72" mower, payable in semi-annual payments of \$1,319, including interest at 4.25%, maturing September 1, 2009.

2009 International truck, payable in semi-annual payments of \$7,554.40, including interest at 3.85%, maturing July 31, 2011.

2008 John Deere Mower, John Deere 14 Bushel, payable in semi-annual payments of \$1,392.37, including interest at 3.24%, maturing March 17, 2013.

2007 John Deere wide area mower, 2006 John Deere Gas Greens Mower, 2003 Toro, payable in semi-annual payments of \$8,796.15, including interest at 3.42%, maturing March 17, 2013.

Trenching Buckets, Hydraulic Angle Tilt Grading bucket, Hydraulic Breaker, Hydraulic Thumb, payable in semi-annual payments of \$8,325.22, including interest at 3.69%, maturing April 13, 2013.

Refunded Certificates of Participation

On June 29, 2006 the City issued Refunding Certificates of Participation, Series 2006, to redeem early the Certificates of Participation, Series 2001. \$1,410,770.59, of the proceeds was deposited into a trust to pay the 2001 Series Certificates of Participation. At December 31, 2008, \$1,060,000 of the 2001 Series Certificates had not been redeemed. The amount in the Trust was \$1,065,780.24 at December 31, 2008. All Series 2001 Certificates of Participation will be paid by December 31, 2010.

Industrial - Revenue Bonds

The City has entered into various agreements to induce businesses to locate or expand operations in Girard, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's), which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. At December 31, 2009, there was one industrial revenue bond issue with principal balances due totaling \$433,439.85.

Additional long-term debt obligations disclosures are stated in Note 14.

6. **CUSTOMER DEPOSITS**

Utility customers are required to make cash deposits to the City when starting new service. The deposits are refunded to the customers when service is terminated. Currently, the City has \$52,180.76 of customers' deposits, of which \$44,769.16 is included with Electric Utility Fund and \$7,411.66 is included with Water Utility Fund cash in these financial statements.

7. **MAJOR SUPPLIER**

The City provides electric services to its residents. Presently the electricity is purchased from Kansas Power Pool. During 2009 the City paid \$1,778,547.35 for 32,713,000 kilowatts.

8. **DEFINED BENEFIT PENSION PLAN**

Plan Description

The City of Girard participates in the Kansas Public Employees Retirement System ("KPERS"), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute was 5.93% for 2008. The City's employer contribution to KPERS for the year ending December 31, 2009, 2008, and 2007, was \$79,463.32, \$75,846, and \$69,657, respectively, equal to the statutory required contribution for each year.

9. **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through various insurance policies.

10. INTERFUND TRANSFERS

Operating transfers during the year and the related statutory authority were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Golf Equipment Reserve	K.S.A. 12-1,117	\$ 3,589
Electric Utility	General	K.S.A. 12-825d	300,000
Electric Utility	Library	K.S.A. 12-825d	13,000
Electric Utility	Industrial Loan	K.S.A. 12-825d	30,200
Electric Utility	95 Bond & Interest	K.S.A. 12-825d	280,000
Electric Utility	Employee Benefits	K.S.A. 12-825d	42,000
Water Utility	General	K.S.A. 12-825d	56,000
Water Utility	Employee Benefits	K.S.A. 12-825d	20,000
Sewer Utility	General	K.S.A. 12-825d	22,000
Sewer Utility	Sewer Revolving Loan	K.S.A. 12-825d	101,357
Sewer Utility	Employee Benefits	K.S.A. 12-825d	16,000
Special Highway	General	K.S.A. 79-2934	12,000
Water Utility	Fire Station Bond & Interest	K.S.A. 12-825d	15,000
Electric Utility	Fire Station Bond & Interest	K.S.A. 12-825d	57,000

11. BUDGET AMENDMENTS

<u>General Fund</u>	<u>Original Budget</u>	<u>Amended Budget</u>
Receipts		
Taxes	\$ 332,666	\$ 333,850
Intergovernmental	416,487	400,765
Licenses, Permits & Fines	33,540	38,000
Charges for Services	74,000	105,100
Miscellaneous	20,000	28,816
Operating Transfers	<u>290,000</u>	<u>290,000</u>
Total Receipts	1,166,693	1,196,531
Unencumbered Cash, January 1	<u>224,370</u>	<u>341,714</u>
Resources Available	<u>\$ 1,391,063</u>	<u>\$ 1,538,245</u>
Expenditures		
General Government	\$ 283,440	\$ 297,724
Public Safety	612,698	525,264
Streets	115,375	111,675
Culture and Recreation	293,350	471,295
Debt Service	67,200	18,630
Operating Transfer to Other Funds	<u>4,000</u>	<u>4,000</u>
Total Expenditures	<u>\$ 1,376,063</u>	<u>\$ 1,428,588</u>

11. **BUDGET AMENDMENTS** (Continued)

<u>Special Fire Equipment and Law Enforcement Fund</u>	<u>Original Budget</u>	<u>Amended Budget</u>
Receipts		
Taxes	\$ 33,084	\$ 32,643
Intergovernmental	-	25,345
Miscellaneous	-	851
Total Receipts	<u>33,084</u>	<u>58,839</u>
Unencumbered Cash, January 1	<u>4,760</u>	<u>6,378</u>
Resources Available	<u>\$ 37,844</u>	<u>\$ 65,217</u>
Expenditures		
Public Safety		
Capital Outlay	\$ 32,936	\$ 53,000
Debt Service	4,908	4,908
Total Expenditures	<u>\$ 37,844</u>	<u>\$ 57,908</u>
<u>General Obligation Library Bond and Interest Fund</u>		
Receipts		
Intergovernmental	\$ 150,000	\$ 130,000
	8,000	1,000
Total Receipts	<u>158,000</u>	<u>131,000</u>
Unencumbered Cash, January 1	<u>349,042</u>	<u>333,714</u>
Resources Available	<u>\$ 507,042</u>	<u>\$ 464,714</u>
Expenditures		
Debt Service	\$ 117,548	\$ 53,000
Other	452	4,908
Total Expenditures	<u>\$ 118,000</u>	<u>\$ 420,858</u>

12. **SUBSEQUENT EVENTS**

Management has evaluated events and transactions occurring subsequent to December 31, 2009 through the date of the issuance of the financial statements as shown in the Independent Auditor's Report on page two of these financial statements. During this period, there were no subsequent events requiring recognition in the financial statements or disclosure in the notes to the financial statements.

13. CAPITAL PROJECTS

Capital projects with approved change orders compared to expenditures since inception are as follows:

	<u>Expenditures To Date</u>	<u>Project Authorization</u>
Sewer Project and Sports Complex	\$ 544,096	\$ 961,000
Water Project	133,498	630,000

14. LONG-TERM DEBT OBLIGATIONS

Details about the City's long-term obligations, changes in long term debt, and current maturities for the next five years and thereafter are recorded on the following three pages:

14. LONG TERM OBLIGATIONS (Continued)

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions / New Debt	Reductions / Principal Paid	Balances End of Year	Interest Paid
<u>General Obligation Bonds</u>									
Series 2001	4.40% - 6.25%	1/31/2001	1,525,000	12/1/2020	\$ 1,095,000	\$ -	\$ 1,095,000	\$ -	\$ -
Series 2003	1.15% - 3.30%	5/1/2003	1,870,000	8/1/2010	440,000	-	260,000	180,000	13,870
Series 2009A	1.50% - 3.10%	3/1/2009	835,000	12/1/2016	-	835,000	100,000	735,000	14,586
Total General Obligation Bonds					<u>1,535,000</u>	<u>835,000</u>	<u>1,455,000</u>	<u>915,000</u>	<u>28,456</u>
<u>General Obligation Temporary Notes</u>									
Series 2009A	1.00%	5/1/2009	630,000	5/1/2010	\$ -	\$ 630,000	\$ -	\$ 630,000	\$ -
Series 2009B	1.85%	5/1/2009	961,000	5/1/2012	-	961,000	-	961,000	8,889
Total General Obligation Bonds					<u>-</u>	<u>1,591,000</u>	<u>-</u>	<u>1,591,000</u>	<u>8,889</u>
<u>Kansas Revolving Loans</u>									
Sewer Revolving Loan	3.94%	12/22/1994	1,486,105	9/1/2015	614,823	-	77,893	536,931	23,464
KDOT Street Project	3.94%	9/17/2007	700,000	8/1/2012	561,544	-	134,849	426,695	22,125
Total Kansas Revolving Loans					<u>1,176,367</u>	<u>-</u>	<u>212,742</u>	<u>963,626</u>	<u>45,589</u>
<u>Certificates of Participation</u>									
Refunding, Series 2006	4.10% to 4.65%	6/29/2006	1,625,000	12/1/2019	1,625,000	-	-	1,625,000	-
<u>Capital Leases</u>									
Land	3.85%	6/2/2004	114,618	7/31/2011	42,419	-	13,622	28,798	1,487
Toro Mower	4.25%	8/21/2007	5,000	9/1/2009	2,556	-	2,556	-	81
Quint Fire Truck	4.20%	11/14/2007	18,000	12/3/2011	13,811	-	4,458	9,354	450
2009 International Truck	3.95%	7/3/2008	154,000	12/1/2010	124,005	-	30,110	93,895	2,437
Cemetery Mower	3.42%	3/17/2009	9,850	3/17/2013	-	9,850	1,157	8,693	172
Golf Mower and Truck	3.42%	3/17/2009	66,509	3/17/2013	-	66,509	7,814	58,695	1,163
2009 Kuboto Mini	3.69%	4/13/2009	61,392	4/13/2013	-	61,392	7,189	54,203	1,136
					<u>182,792</u>	<u>137,751</u>	<u>66,905</u>	<u>253,637</u>	<u>6,926</u>
<u>Compensated Absences</u>									
Vacation	N/A	N/A	N/A	N/A	106,036	33,441	-	139,477	N/A
Totals					<u>\$ 4,625,195</u>	<u>\$2,597,192</u>	<u>\$ 1,734,647</u>	<u>\$ 5,487,740</u>	<u>\$ 89,860</u>

14. LONG TERM OBLIGATIONS (Continued)

Issue	2010	2011	2012	2013	2014	2015		Totals
							to 2019	
PRINCIPAL								
<u>General Obligation Bonds</u>								
Series 2003	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,000
Series 2009A	105,000	105,000	110,000	110,000	110,000	195,000	195,000	735,000
Total General Obligation Bonds	285,000	105,000	110,000	110,000	110,000	195,000	195,000	915,000
<u>General Obligation Temporary Notes</u>								
Series 2009A	\$ 630,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 630,000
Series 2009B	-	-	961,000	-	-	-	-	961,000
Total General Obligation Bonds	630,000	-	961,000	-	-	-	-	1,591,000
<u>Revolving Loans</u>								
Sewer Revolving Loan	80,992	84,214	87,565	91,049	94,672	98,439	98,439	536,931
KDOT Street Project	140,162	145,685	140,848	-	-	-	-	426,695
Total Kansas Revolving Loans	221,154	229,899	228,413	91,049	94,672	98,439	98,439	963,626
<u>Certificates of Participation</u>								
Refunding, Series 2006	105,000	115,000	120,000	125,000	130,000	1,030,000	1,030,000	1,625,000
Total Certificates of Participation	105,000	115,000	120,000	125,000	130,000	1,030,000	1,030,000	1,625,000
<u>Capital Leases</u>								
Land	14,115	14,682	-	-	-	-	-	28,798
Quint Fire Truck	4,555	4,798	-	-	-	-	-	9,354
2009 International Truck	29,863	31,390	32,642	-	-	-	-	93,895
Cemetery Mower	2,378	2,461	2,547	1,307	-	-	-	8,693
Golf Mower and Truck	16,056	16,618	17,197	8,825	-	-	-	58,695
2009 Kubota Mini	14,786	15,337	15,905	8,175	-	-	-	54,203
Total Capital Leases	81,754	85,286	68,291	18,306	-	-	-	253,637
Total Principal	\$ 1,322,908	\$ 535,185	\$ 1,487,704	\$ 344,356	\$ 334,672	\$ 1,323,439	\$ 1,323,439	\$ 5,348,263

14. LONG TERM OBLIGATIONS (Continued)

Issue	2015						Totals
	2010	2011	2012	2013	2014	to 2019	
<u>Interest</u>							
<u>General Obligation Bonds</u>							
Series 2003	\$ 5,940	-	\$ -	\$ -	\$ -	-	\$ 5,940
Series 2009A	17,948	16,110	14,010	11,535	8,785	8,295	76,683
Total General Obligation Bonds	23,888	16,110	14,010	11,535	8,785	8,295	82,623
<u>General Obligation Temporary Notes</u>							
Series 2009A	\$ 6,300	-	\$ -	\$ -	\$ -	-	\$ 6,300
Series 2009B	17,779	17,779	8,889	-	-	-	44,446
Total General Obligation Bonds	24,079	17,779	8,889	-	-	-	50,746
<u>Revolving Loans</u>							
Sewer Revolving Loan	20,365	17,143	13,792	10,308	10,308	9,603	81,519
KDOT Street Project	16,812	11,289	5,549	-	-	-	33,651
Total Kansas Revolving Loans	37,177	28,432	19,341	10,308	10,308	9,603	115,169
<u>Certificates of Participation</u>							
Refunding, Series 2006	71,803	67,498	62,725	57,685	57,685	199,793	517,188
Total Certificates of Participation	71,803	67,498	62,725	57,685	57,685	199,793	517,188
<u>Capital Leases</u>							
Land	993	426	-	-	-	-	1,420
Quint Fire Truck	352	110	-	-	-	-	462
2009 International Truck	3,750	2,222	970	-	-	-	6,942
Cemetery Mower	281	198	112	22	-	-	613
Golf Mower and Truck	1,896	1,334	756	152	-	-	4,138
2009 Kubota Mini	1,865	1,314	745	150	-	-	4,074
Total Capital Leases	9,137	5,605	2,583	324	-	-	17,649
Total Interest	\$ 166,082	\$ 135,423	\$ 107,549	\$ 79,852	\$ 76,778	\$ 217,691	\$ 783,374
Total Principal and Interest	\$ 1,488,990	\$ 670,608	\$ 1,595,252	\$ 424,208	\$ 411,450	\$ 1,541,130	\$ 6,131,637

\$587,000
CITY OF GIRARD, KANSAS
GENERAL OBLIGATION BONDS
SERIES 2011

APPENDIX B
SUMMARY OF FINANCING DOCUMENTS

APPENDIX B

SUMMARY OF FINANCING DOCUMENTS

The following is a summary of certain provisions contained in the Bond Resolution authorizing the issuance of the Bonds. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing documents.

THE BOND RESOLUTION

DEFINITIONS

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used herein 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 of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 12-1736 *et seq.*, as amended and supplemented.

“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, Topeka, Kansas, and its successors and assigns.

“Bond Resolution” means collectively, the Ordinance passed by the governing body of the Issuer and the resolution adopted by the governing body of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

“Bonds” means the General Obligation Bonds Bonds, Series 2011, authorized and issued by the Issuer pursuant to the 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 with respect to the Bonds.

“City” means the City of Girard, 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 of the United States Department of the Treasury.

“Consulting Engineer” means an independent engineer or engineering firm, or architect or architectural firm, having a favorable reputation for skill and experience in the construction, financing and operation of public facilities, at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Consulting Engineer by the Bond Resolution.

“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 account by that name created by the Bond Resolution.

“Dated Date” means April 15, 2011.

“Debt Service Account” means the account by that name (within the Bond and Interest Fund) created by the Bond Resolution.

“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.

“DTC” means The Depository Trust Company, New York, New York.

“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; or

(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 the Bond Resolution 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 for the Bonds, 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 by or referred to in the Bond Resolution.

“Improvement Fund” means the fund by that name created in the Bond Resolution.

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

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Bond which shall be May 1 and December 1 of each year, commencing May 1, 2012.

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

“Issuer” means the City and any successors or assigns.

“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 in the Bond Resolution 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.

“Official Statement” means the Issuer's Official Statement, dated April 11, 2011, relating to the Bonds.

“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 the Bond Resolution; 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 the 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, Topeka, Kansas, 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 amendments to 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.

“Purchaser” means the financial institution or investment banking firm that is original purchaser of the Bonds.

“Rating Agency” means any company, agency or entity that provides financial ratings for the Bonds.

“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 such Interest Payment Date.

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

“Redemption Price” when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of the 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 Notes” means a \$587,000 portion of the Series 2009B Notes.

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

“Refunded Notes Redemption Date” means April 29, 2011.

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

“Replacement Bonds” means Bonds issued to the Beneficial Owners of the Bonds in accordance with the Bond Resolution.

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

“**Series 2009B Notes**” means the Issuer’s General Obligation Temporary Notes, Series 2009B, dated May 1, 2009, in the original aggregate principal amount of \$961,000.

“**Special Record Date**” means the date fixed by the Paying Agent 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 the Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“**Substitute Improvements**” means the substitute or additional improvements of the Issuer described in the Bond Resolution.

“**Term Bonds**” means the Bonds scheduled to mature in the year 2015, 2018, 2021, 2024 and 2026.

“**Treasurer**” means the duly appointed and/or elected Treasurer 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.

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

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) Improvement Fund;
- (b) Debt Service Account; and
- (c) Costs of Issuance Account.

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

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) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Bonds, together with unspent funds from the Refunded Notes in the amount of \$112,248.65, shall be deposited in the Improvement Fund.

Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purpose of paying the costs of the Improvements and retiring the Refunded Notes. Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Clerk (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Clerk (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution. Moneys in the Improvement Fund to redeem and retire the Refunded Notes shall be paid and transferred to the Refunded Notes Paying Agent, with irrevocable instructions to apply such amount to the payment of the Refunded Notes on the Refunded Notes Redemption Date. The Clerk is authorized and instructed to provide appropriate notice of redemption in accordance with the Refunded Notes Resolution authorizing the issuance of such Refunded Notes. Upon redemption of the Refunded Notes and completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

Substitution of Improvements; Reallocation of Proceeds. The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Bonds provided the following conditions are met: (a) the Substitute Improvement and the issuance of general obligation bonds to pay the cost of the Substitute Improvement has been duly authorized by the governing body of the Issuer in accordance with the laws of the State; (b) a resolution authorizing the use of the proceeds of the Bonds to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the governing body of the Issuer pursuant to this Section, (c) the Attorney General of the State has approved the amendment made by such resolution to the transcript of proceedings for the Bonds to include the Substitute Improvements; and (d) the use of the proceeds of the Bonds to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax status of the Bonds under State or federal law.

The Issuer may reallocate expenditure of Bond proceeds among all Improvements financed by the Bonds; provided the following conditions are met: (a) the reallocation is approved by the governing body of the Issuer; (b) the reallocation shall not cause the proceeds of the Bonds allocated to any Improvement to exceed the Financeable Costs of the Improvement; and (c) the reallocation will not adversely affect the tax status of the Bonds under State or federal law.

Application of Moneys in the 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 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 the 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 indebtedness for which the Bonds were issued shall be transferred and paid into the Bond and Interest Fund.

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.

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 Improvement Fund until completion of the Improvements and thereafter to the Debt Service Account.

DEPOSIT AND INVESTMENT OF MONEYS

Deposits. Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank which are members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law, and

which meet certain guidelines of State law. All such deposits shall be held in cash or invested in Permitted Investments or shall be adequately secured as provided by the laws of the State.

Investments. Moneys held in any Fund or Account may be invested in accordance with the 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; provided that, during the period of construction of the Improvements, earnings on the investment of such funds shall be credited to the Debt Service Account.

DEFAULT AND REMEDIES

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.

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained in the Bond Resolution 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 of any series shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the Funds and Accounts 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 the 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 in the Bond Resolution, or to enforce any right, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

Remedies Cumulative. No remedy conferred 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. 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.

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 the Bond Resolution and all other rights granted thereby 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 the 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 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.

MISCELLANEOUS PROVISIONS

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. Within 30 days after the completion of each such annual audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. The taxes 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 deposited in 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 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.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the 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 the Bond Resolution.

Any provision of the Bonds or of the 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 the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, 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 more precisely identify the Improvements, to reallocate proceeds of the Bonds among Improvements, to provide for Substitute Improvements, to conform the 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.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Bond Resolution shall be in writing, 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.

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.

Severability. If any section or other part of the 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 the Bond Resolution.

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