

**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 Notes (including any original issue discount allocable to an owner thereof) 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, and is excluded from computation of Kansas adjusted gross income. The Notes are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "LEGAL MATTERS - Opinion of Bond Counsel" herein.

**\$4,473,000
CITY OF OBERLIN, KANSAS
TEMPORARY NOTES
SERIES 2011**

Dated: March 1, 2011

Due: As shown below

The Series 2011 Notes (the "Notes") will be issued by the City of Oberlin, Kansas (the "City" or "Issuer"), as fully registered Notes 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 Notes. Purchases of the Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiples thereof, except one Note in the denomination of \$3,000 or such amount added to \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Note Registrar shall determine. Purchasers will not receive certificates representing their interests in Notes purchased. So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the Note owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Notes. Principal will be payable as shown in the table below or earlier redemption upon presentation and surrender of the Notes by the registered owners thereof at the office of Treasurer of the State of Kansas, Topeka, Kansas, as note registrar and paying agent (the "Paying Agent" and "Note Registrar"). Interest on each Note will be payable semiannually on March 1 and September 1, commencing on September 1, 2011 to the persons who are registered owners of the Notes as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner or, in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Notes, 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 Notes and the interest thereon will constitute general obligations of the Issuer, payable from the Issuer's general obligation bonds, or, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City.

MATURITY SCHEDULE

Stated Maturity	Principal	Interest	Yield	CUSIP
<u>March 1</u>	<u>Amount</u>	<u>Rate</u>		<u>Base: 674242</u>
2013	\$4,473,000	1.10%	1.10%	BM 3

(All plus accrued interest, if any)

The Notes may be called for redemption and payment prior to their Stated Maturity on March 1, 2012, and thereafter as a whole or in part at any time (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date (see "THE NOTES – Redemption Provisions" herein).

The Notes are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. Certain other legal matters will be passed upon by Steve Hirsch, Esq., Oberlin, Kansas, counsel for the Issuer. It is expected that the Notes will be available for delivery through the facilities of the Depository Trust Company in New York, New York on or about March 1, 2011.

DEWAAY FINANCIAL NETWORK

The date of this Official Statement is February 17, 2011.

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

THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE NOTES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE NOTES 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 NOTES 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.

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.

\$4,473,000
CITY OF OBERLIN, KANSAS
TEMPORARY NOTES
SERIES 2011

1 Morgan Drive
Oberlin, Kansas 67749

MAYOR
Joe Stanley

CITY COUNCIL
Richard Kimble
Rhonda May
Rob McFee
Bill Riedel
Ray Ward

CITY ADMINISTRATOR/CITY CLERK
Karen Larson

CITY ATTORNEY
Steve Hirsch, Esq.
Oberlin, Kansas

BOND COUNSEL
Gilmore & Bell, P.C.
Wichita, Kansas

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

UNDERWRITER
DeWaay Financial Network
Kansas City, Missouri

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Notes 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 any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. 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. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. 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 Notes.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE NOTES	1
DEPOSITORY TRUST COMPANY	5
THE PROJECT	7
PLAN OF FINANCE AND SOURCES AND USES OF FUNDS	7
RISK FACTORS AND INVESTMENT CONSIDERATIONS	7
RATINGS	8
ABSENCE OF LITIGATION.....	8
LEGAL MATTERS	8
FINANCIAL ADVISOR	9
UNDERWRITING.....	10
AUTHORIZATION OF OFFICIAL STATEMENT	10
APPENDIX A – INFORMATION CONCERNING THE ISSUER	A-1
APPENDIX B –AUDITED FINANCIAL STATEMENTS FOR YEAR ENDING 2009	B-1
APPENDIX C – SUMMARY OF PRINCIPAL FINANCING DOCUMENTS	C-1

\$4,473,000
CITY OF OBERLIN, KANSAS
TEMPORARY NOTES
SERIES 2011

INTRODUCTION

General Matters

The purpose of this Official Statement is to furnish information relating to the City of Oberlin, Kansas (the "Issuer" or the "City"), and the Temporary Notes, Series 2011 (the "Notes"), of the Issuer, dated March 1, 2011, to be issued in the principal amount of \$4,473,000.

The Notes are being issued for the purpose of providing interim financing for a project (the "Project") that consists of water system improvements, and to pay costs associated with the issuance of the Notes.

The City has obtained a commitment from the United States Department of Agriculture - Rural Development to provide certain long term bond/loan and grant funds for permanent financing of the Project (the "Rural Development Bonds"). The City expects to close on a revenue bond issue to evidence the Rural Development Bonds upon completion of the Project and to use the proceeds thereof to repay the Notes. However, the Notes are general obligations of the City payable from the proceeds of ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within territorial limits of the City. In the event of a failure to close on a general obligation bond issue to evidence the Rural Development Bonds, the Notes would remain general obligations of the City.

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

The Issuer is a municipal corporation and city of the third class duly organized and existing under the laws of the State of Kansas. Additional information regarding the Issuer is contained in APPENDIX A to this Official Statement.

The material contained on the cover page, in the body and in the Appendices to this Official Statement are to 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 from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Bond Counsel has not assisted in the preparation nor reviewed this Official Statement, except to the extent described under the sections captioned "THE NOTES", "LEGAL MATTERS" and accordingly expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Continuing Disclosure

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. In the Note Resolution, hereinafter defined, the Issuer has covenanted to provide, upon request, certain financial information and operating data; and to file the same with a Repository, and to file notices of material events in order to comply with the provisions of the Rule. Requests for copies of such financial information and operating data can be made to the Clerk of the Issuer at the address set forth in the preface to this Official Statement. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Notes. This is the Issuer's initial undertaking under the Rule. For more information regarding the Issuer's continuing disclosure undertaking, see "APPENDIX C – SUMMARY OF PRINCIPAL FINANCING DOCUMENTS – THE CONTINUING DISCLOSURE INSTRUCTIONS."

Additional Information

Additional information regarding the Issuer or the Notes may be obtained from Karen Larson, City Administrator/Clerk of the Issuer, or John Haas, Ranson Financial Consultants at the address set forth in the preface to this Official Statement, or from the Underwriter at DeWaay Financial Network, Kansas City, Missouri.

THE NOTES

Authority for the Notes

The Notes are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including K.S.A. 65-163u, and K.S.A. 10-101 *et seq.*, as amended, including specifically K.S.A. 10-123 (the "Act"), and a resolution adopted by the governing body of the Issuer on February 17, 2011 (the "Note Resolution").

Security for the Notes

The Notes shall be general obligations of the Issuer payable as to both principal and interest from general obligation bonds of the Issuer, or, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

Rural Development Bonds

The Rural Development Bonds have been funded, but disbursement of loan or grant proceeds is subject to certain closing conditions as set forth in Rural Development's Letter of Closing Conditions. Failure by the City to satisfy any one or more of such conditions may result in delays or complete failure of disbursement of the loan or grant proceeds. If for any reason the general obligation bond issue evidencing the Rural Development Loan is not closed and the proceeds made available to pay the Notes, the Notes would nonetheless have to be paid by the City as general obligations.

Description of the Notes

The Notes shall consist of fully registered Notes in the denomination of \$5,000 or any integral multiples thereof, except one Note in denomination of \$3,000 or such amount added to \$5,000 or an integral multiple thereof (the "Authorized Denomination") and shall be numbered in such manner as the Note Registrar shall determine. All of the Notes shall be dated March 1, 2011, shall become due in the amounts, on the Stated Maturity, and subject to redemption and payment, prior to their Stated Maturity, and shall bear interest at the rates per annum set forth on the cover page of this Official Statement. The Notes shall bear interest (computed on the basis of twelve 30-day months) from the Dated Date to the Stated Maturity or prior redemption in the manner hereinafter set forth.

Designation of Paying Agent and Note Registrar

The Issuer will at all times maintain a paying agent and note registrar meeting the qualifications set forth in the Note Resolution. The Issuer reserves the right to appoint a successor paying agent or note registrar. No resignation or removal of the paying agent or note registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or note registrar. Every paying agent or note registrar appointed by the Issuer shall at all times meet the requirements of Kansas law.

The Treasurer of the State, Topeka, Kansas (the "Note Registrar" and "Paying Agent") has been designated by the Issuer as paying agent for the payment of principal of and interest on the Notes and note registrar with respect to the registration, transfer and exchange of Notes.

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

Book-Entry Bonds: Securities Depository

The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the 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.

Method and Place of Payment of the Notes

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

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

Payments Due on Saturdays, Sundays and Holidays

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

Registration, Transfer and Exchange of Notes

As long as any of the Notes remain Outstanding, each Note when issued shall be registered in the name of the Owner thereof on the Note Register. Notes may be transferred and exchanged only on the Note Register as hereinafter provided. Upon surrender of any Note at the principal office of the Note Registrar, the Note Registrar shall transfer or exchange such Note for a new Note or Notes in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Note that was presented for transfer or exchange. Notes 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 Note 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 Notes is exercised, the Note Registrar shall authenticate and deliver Notes in accordance with the provisions of the Note Resolution. The Issuer shall pay the fees and expenses of the Note Registrar for the registration, transfer and exchange of Notes. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, are the responsibility of the Owners of the Notes. 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 Note Registrar shall not be required (a) to register the transfer or exchange of any Note 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 Note 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 Notes

If (a) any mutilated Note is surrendered to the Note Registrar or the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (b) there is delivered to the Issuer and the Note Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Note Registrar that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Note Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer, in its discretion, may pay such Note instead of issuing a new Note. Upon the issuance of any new Note under this Section, 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.

Nonpresentation of Notes

If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note 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 Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Note Resolution or on, or with respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note becomes due at Maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Note, and such Note 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 Provisions

Optional Redemption. At the option of the Issuer, the Notes may be called for redemption and payment prior to their Stated Maturity on March 1, 2012, and thereafter as a whole or in part at any time (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

Selection of Notes to be Redeemed. Notes shall be redeemed only in an Authorized Denomination. When less than all of the Notes are to be redeemed and paid prior to their Stated Maturity, such Notes shall be redeemed in such manner as the Issuer shall determine, Notes of less than a full Stated Maturity shall be selected by the Note Registrar in minimum Authorized Denomination in such equitable manner as the Note Registrar may determine. In the case of a partial redemption of Notes by lot when Notes 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 Note 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 Note 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 Note to the Note 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 Note or Notes of the aggregate principal amount of the unredeemed portion of the principal amount of such Note. If the Owner of any such Note fails to present such Note to the Paying Agent for payment and exchange as aforesaid, such Note 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 Notes to be redeemed, if the Issuer shall call any Notes for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Notes to the State Treasurer, and the Purchaser. In addition, the Issuer shall cause the Note Registrar to give written notice of redemption to the Owners of said Notes. 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 Notes are to be redeemed, the identification (and, in the case of partial redemption of any Notes, the respective principal amounts) of the Notes to be redeemed; (d) a statement that on the Redemption

Date the Redemption Price will become due and payable upon each such Note 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 Notes 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 Notes or portions of Notes that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Notes or portions of Notes 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 Notes or portion of Notes 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 Issuer shall provide such notices of redemption as are required by the Disclosure Resolution. 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 Note.

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 Notes are being issued for the purpose of financing water system improvements (the "Project"), and to pay costs associated with the issuance of the Notes.

PLAN OF FINANCE AND SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Notes	\$4,473,000.00
Total Sources of Funds	\$4,473,000.00
Uses of Funds	
Project Fund	\$4,314,660.80
Interest on Temporary Notes	98,406.00
Costs of Issuance	44,725.00
Underwriter's Discount	<u>15,208.20</u>
Total Uses of Funds	\$4,473,000.00

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE NOTES DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE NOTES WHICH MUST BE RECOGNIZED. THE FOLLOWING 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 NOTES. PROSPECTIVE PURCHASERS OF THE NOTES 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 ISSUER OR THE UNDERWRITER.

Security for the Notes

The proceeds of the Notes are being used to provide interim financing for the Project. Upon completion of the improvements, the Notes are payable from the proceeds of a general obligation bond issue evidencing the Rural Development Bonds or, if such Rural Development Bond transaction is not completed, for any reason, from the ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the City.

Taxation of Interest on the Notes

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Notes is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (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 Notes includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Note Resolution and in other documents and certificates to be delivered in connection with the issuance of the Notes 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 Notes. Because the existence and continuation of the excludability of the interest on the Notes depends upon events occurring after the date of issuance of the Notes, the opinion of Bond Counsel described under "LEGAL MATTERS" 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 Notes 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 Notes to become includable in gross income as of the date of issuance.

Market for the Notes

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

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Notes. The absence of continuing disclosure of financial information and operating data could impair the development of a secondary market. It is the present practice of the Underwriter, however, to make a secondary market as dealers in issues of municipal Notes which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Notes, but is not obligated to do so. Prices of Notes traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary for the Underwriter to suspend indefinitely

secondary market trading in the Notes as a result of the financial condition or market position of the Underwriter, 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 Notes are in default as to principal and interest payments, and other factors which in the opinion of the Underwriter may give rise to uncertainty concerning prudent secondary market practices.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Notes. 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.

Limitations on Remedies Available to Owners of Notes

The enforceability of the rights and remedies of the owners of Notes, and the obligations incurred by the Issuer in issuing the Notes, 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 Notes to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Suitability of Investment

The tax exempt feature of the Notes 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 Notes are an appropriate investment.

RATINGS

The Issuer has not applied for a rating on the Notes herein offered for sale.

ABSENCE OF LITIGATION

There is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the Notes or the validity of said Notes, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

LEGAL MATTERS

Approval of Notes. All matters incident to the authorization and issuance of the Notes 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 Issuer and its certified public accountants, as referred to herein. Bond Counsel has not participated in the preparation of the Official Statement and expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE NOTES" and "LEGAL MATTERS."

Opinion of Bond Counsel

Federal Tax Exemption. In the opinion of Bond Counsel, under existing law, the interest on the Notes (including any original issue discount allocable to an owner thereof) is excluded from gross income for federal income tax purposes. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not 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 Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Notes 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 Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Notes 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 Notes.

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

Other Tax Consequences. Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Notes. However, prospective purchasers of the Notes should be aware that there may be tax consequences of purchasing the Notes other than those discussed under the caption "Opinion of Bond Counsel," including the following: (a) Code §265 denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Notes, except with respect to certain financial institutions (within the meaning of Code §265(b)(5)); (b) with respect to insurance companies subject to the tax imposed by Code §831, Code §832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Notes; (c) interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Code §884; (d) passive investment income, including interest on the Notes, may be subject to federal income taxation under Code §1375 for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (e) Code §86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Notes. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of the Notes should consult their own tax advisors as to the applicability of these tax consequences.

FINANCIAL ADVISOR

Ranson Financial Consultants, L.L.C. serves as financial advisor (the "Financial Advisor") to the City of Oberlin, 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 Notes.

UNDERWRITING

On February 17, 2011, the City received four bids for the purchase of the Notes. The Notes were awarded by the City to the account of DeWaay Financial Network, Kansas City, Missouri (the "Underwriter"). The Initial Purchaser submitted the lowest bid for the purchase of the Notes with a net effective interest rate of 1.2700%.

The Notes will be offered to the public initially at the prices determined to produce the yield to maturity set forth on the cover page of this Official Statement. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at prices other than the price stated on the 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 Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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.

CITY OF OBERLIN, KANSAS

By: _____
Joe Stanley, Mayor

APPENDIX A

INFORMATION CONCERNING THE ISSUER

GENERAL

Size and Location

The City of Oberlin is located in Decatur County, Kansas and is approximately 300 miles northwest of Wichita. The City has a current estimated population of 1,656 people.

City Government

The City of Oberlin, Kansas (the "City") is a municipal corporation 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	Joe Stanley	4/1/2011
Council Member	Richard Kimble	4/1/2013
	Rhonda May	4/1/2011
	Rob McFee	4/1/2013
	Bill Riedel	4/1/2013
	Ray Ward	4/1/2011
City Administrator /City Clerk	Karen Larson	Appointed
City Attorney	Steve Hirsch, Esq	Appointed
City Treasurer / Deputy City Clerk	Jan Elliott	Appointed

Municipal Services and Utilities

The City owns and operates its own water and sewer utility systems. Midwest Energy supplies natural gas and electricity to the City. Telephone service is provided by Southwestern Bell Telephone.

The City has four full time police officers and sixteen volunteer firefighters who provide protection to the City.

Transportation Facilities

The City is intersected by two major highways: US Highway 36 and US Highway 83.

The Oberlin Municipal Airport is located in the City

Educational Institutions and Facilities

Unified School District No. 294 operates one elementary school and one junior/senior high school in the City and surrounding area. The District had a total enrollment of approximately 400 students. Fort Hays State University and the University of Nebraska at Kearney are located approximately 100 miles of the City. Central Community College and Barton County Community College are located within 140 miles of the City.

Medical and Health Facilities

Decatur County Hospital is located in the City and serves the community. The City is also served by Community Hospital in McCook, Nebraska which is located within 30 miles of the City.

Recreational Facilities

Decatur County residents can participate in a variety of recreational activities within the County plus camping at Sappa Park. Various city parks, swimming pools and other recreational facilities can be found throughout the County.

Financial Institutions

There are currently 3 banks located in the County.

ECONOMIC INFORMATION

Labor Force

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

DECATUR COUNTY

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2009	1,817	1,749	68	3.7%
2008	1,779	1,726	53	3.0%
2007	1,661	1,611	50	3.0%
2006	1,682	1,626	56	3.3%
2005	1,698	1,640	58	3.4%

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 Decatur County for the years listed.

<u>Year</u>	<u>Total Value Of Field Crops (\$000)</u>	<u>Total Value Of Cattle/Milk (\$000)</u>	<u>Total Value Of Livestock/Poultry (\$000)</u>	<u>Total (\$000)</u>
2007	\$49,747	N/A	\$89,358	\$139,105
2006	32,040	\$32,257	N/A	64,297
2005	33,806	32,560	N/A	66,366
2004	16,694	28,803	N/A	45,497
2003	26,371	28,167	N/A	54,538

Source: Kansas Statistical Abstract

Largest taxpayers

The following table lists the ten largest taxpayers of the City in 2010:

<u>Name</u>	<u>Taxes Levied</u>
Great Plains Energy	\$447,961.88
Murfin Drilling	278,413.92
Kinder Morgan	238,007.51
Prairie Land Electric	149,426.47
SW Bell/AT&T	121,581.97
Sunflower Electric	113,896.28
Decatur Co-op	84,973.85
Individual	77,876.28
Hansen-Mueller	35,133.40
Midwest Energy Inc.	31,733.36

Source: County Clerk

Population Trends

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

<u>Year</u>	<u>Decatur County Population</u>
2009	2,855
2008	2,912
2007	2,964
2006	3,032
2005	3,065

Source: Kansas Statistical Abstract

Sales Tax Collections

The following table lists Decatur County's state sales tax collections for the years indicated:

<u>Year</u>	<u>Sales Tax Collections</u>	<u>Per Capita Sales Tax</u>
2009	\$1,065,139	\$379.28
2008	1,146,900	387.82
2007	1,095,066	343.51
2006	1,052,984	296.86
2005	885,280	268.09

Source: Kansas Statistical Abstract

FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

The City follows a cash basis of accounting for all tax funds of the City, including the General Fund, which is designed to show compliance with the cash basis and budget laws of 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 Notes 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 Mapes & Miller, Norton, 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 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.

Property Valuations

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 Decatur 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 City.

In conjunction with the November, 1992 general election, Kansas voters approved a proposition to modify the state constitution with respect to classification of property for ad valorem taxation. The modified classification provisions shall be effective for assessment and taxation of property on and after January 1, 1993 and each year thereafter. Property is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are 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 and 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 railroad 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) all 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.

Assessed Valuation

The following table shows the assessed valuation of the taxable tangible property within the City for the following years:

<u>Year</u>	<u>Assessed Valuation*</u>
2010	\$6,708,204
2009	6,702,197
2008	6,772,603
2007	6,775,769
2006	6,836,431

* Not including motor vehicle valuation.
Source: County Clerk

Property Tax Levies and Collections

Tax Rates:

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser. Prior to July 1, 1999, tax levies were further restricted by a state aggregate tax lid. The funds of the City restricted by such tax lid included the general fund, capital improvement funds and special improvement funds. Levies not effected by such tax lid included debt service payments on Notes, notes and no fund warrants; payments made to a public building commission; expenses related to tort claim liability, 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 certain expenses incurred for by the cities in administering juvenile delinquency and crime programs. Effective July 1, 1999, the aggregate tax lid is no longer in effect.

Aggregate Tax Levies:

The aggregate tax levies (per \$1,000 assessed valuation) of the City and overlapping jurisdictions for the last five years are included in the following table:

<u>Levy Year</u>	<u>Budget Year</u>	<u>City</u>	<u>Decatur County</u>	<u>USD # 105</u>	<u>State</u>	<u>Other</u>	<u>Total Levy</u>
2010	2011	87.010	72.433	47.180	1.500	3.767	211.890
2009	2010	85.497	67.212	52.239	1.500	3.790	210.238
2008	2009	85.479	64.332	47.417	1.500	1.880	200.608
2007	2008	78.048	65.815	44.669	1.500	2.125	192.157
2006	2007	73.645	59.583	46.439	1.500	2.198	183.365

Source: County Clerk

Tax Collection Record:

The following table sets forth tax collection information for the City for the last five years.

<u>Year</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>	<u>Percentage Collected</u>
2010	\$573,024	N/A	N/A
2009	578,913	\$553,089	95.54%
2008	527,262	510,750	96.87%
2007	503,465	487,948	96.92%
2006	507,955	487,467	95.97%

Source: County Clerk

Employee Relations

The city has seventeen employees. Employee relations are characterized as good.

DEBT STRUCTURE

Current Indebtedness of the Issuer

The following table sets forth as of March 1, 2011 all of the outstanding obligations of the Issuer including the Notes:

General Obligation Bonds

<u>Issue</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Included In Debt Limit</u>
GO Ref & Imp Bonds, Series 2001	\$1,005,000	\$120,000	\$120,000
GO Bonds, Series 2003	1,047,800	679,500	0
Total	\$2,052,800	\$799,500	\$120,000

Temporary Notes Outstanding

<u>Issue</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Included In Debt Limit</u>
Temp Notes, Series 2011 *	\$4,473,000	\$4,473,000	\$0
Total	\$4,473,000	\$4,473,000	\$0

* This issue.

Revenue Obligations

As of March 1, 2011, none are outstanding.

Outstanding Leases

(As of March 1, 2011)

As of March 1, 2011, none are outstanding.

Outstanding Loans

(As of March 1, 2011)

<u>Issue</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
KDHE Loan	\$1,580,175	\$1,144,325
Total		\$1,144,325

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

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of March 1, 2011, and the percent attributable (on the basis of assessed valuation) to the City:

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Outstanding GO Indebtedness</u>	<u>Amount Applicable To the City</u>
Decatur County	\$34,033,544	\$405,359	\$79,898
U.S.D. No. 294	31,186,256	<u>0</u>	<u>0</u>
Total		\$405,359	\$79,898

* Includes this Issue and subject to change
Source: County Clerk

Authority to Incur Debt

Equalized Assessed Valuation of Tangible Valuation For Computation of Bonded Debt Limitations*	\$7,264,328
Legal limitation of Bonded Debt ¹	\$2,179,298
Outstanding general obligation debt as of March 1, 2011**	\$5,272,500
Exempt Debt	\$5,152,500
Net Debt against Statutory Debt limit capacity	\$120,000
Additional debt capacity	\$2,059,298
Direct debt per capita	\$3,183
Overlapping Indebtedness	\$79,898
Direct and overlapping debt	\$5,352,398
Direct and overlapping debt per capita	\$3,232
Direct debt as a percentage of Equalized Assessed Valuation	72.58%
Direct & overlapping debt as a percentage of Equalized Assessed Valuation	73.68%
Statutory direct debt as a percentage of Equalized Assessed Valuation	1.65%

¹K.S.A. 10-301 *et seq.*

* 2010 Motor Vehicle valuations were not yet available. The 2009 Motor Vehicle Valuation was used for estimation purposes.

** Includes this issue.

Future Indebtedness

The Issuer has plans for an airport improvement project, but the timetable and estimated total cost are not known at this time.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR YEAR ENDED 2009**

CITY OF OBERLIN, KANSAS
Independent Audit Report
January 1, 2009 to December 31, 2009

MAPES & MILLER
Certified Public Accountants
Norton, Kansas

CITY OF OBERLIN, KANSAS
 Financial Statements
January 1, 2009 to December 31, 2009

TABLE OF CONTENTS

FINANCIAL SECTION

Page
Number

Independent Auditor's Report	1
STATEMENT 1	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Composition of Cash	5
STATEMENT 2	
Summary of Expenditures – Actual and Budget	6
STATEMENT 3	
Statement of Cash Receipts and Expenditures – Actual and Budget	
General	7
Special Street	11
Library	12
Employee Benefits	13
Special Parks and Recreation	14
Tourism and Convention Promotion	15
Gateway Civic Center	16
Community Growth	17
Bond and Interest	18
Electric Utility	19
Sewer Utility	20
Water Utility	21
Sappa Valley Youth	22
Statement of Cash Receipts and Expenditures – Actual	
Centennial Trust	23
Memorials	23
Airport Grant	24
CDBG Wastewater Grant	24
Risk Management Reserve	25
Special Law Enforcement Trust	25
Special Equipment	25
Waste Water Project	26
Electric Reserve	26
Customer Deposits	26
Sewer Reserve	27
Bremer/Gateway Donation	27
Statement of Cash Receipts and Expenditures – Component Units	
Oberlin Public Library	
General	28
State Grant	28
Northwest Kansas Library System Grant	28
Gates Foundation Grant	29
Memorials and Donations	29
Capital Improvement	29

TABLE OF CONTENTS – (Continued)

STATEMENT 4	
Summary of Cash Receipts and Cash Disbursements – Agency Funds	30
Notes to the Financial Statements	31

MAPES & MILLER

CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

Members of American Institute of Certified Public Accountants
and the Kansas Society of Certified Public Accountants

JOHN D. MAPES, CPA
DENIS W. MILLER, CPA

THOMAS CARPENTER, CPA
DON TILTON, CPA

INDEPENDENT AUDITOR'S REPORT

418 E. Holme
Norton, KS 67654-1412
(785) 877-5833
FAX - (785) 877-5442
email - mmcpas@ruraltel.net

711 3rd Street
P.O. Box 266
Phillipsburg, KS 67661-0266
(785) 543-6561
FAX - (785) 543-6563
email - mmpburg@ruraltel.net

503 Main St.
P.O. Box 508
Stockton, KS 67669-0508
(785) 425-6764
FAX - (785) 425-6765
email - mmstkn@ruraltel.net

230 Main St.
P.O. Box 412
Quinter, KS 67752-0412
(785) 754-2111
FAX - (785) 754-2112
email - mapes@ruraltel.net

117 N. Main St.
P.O. Box 73
WaKeeney, KS 67672-0073
(785) 743-5512
FAX - (785) 743-5513
email - mapeswak@ruraltel.net

306 N. Pomeroy
Hill City, KS 67642-1720
(785) 421-2163
FAX - (785) 421-2164
email - mapeshc@ruraltel.net

Honorable Mayor and City Council
City of Oberlin
Oberlin, Kansas 67749

We have audited the accompanying financial statements of the City of Oberlin, Kansas, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the City of Oberlin, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance 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.

The financial statements do not include financial data for the following legally separate component units of the City: Housing Authority of the City of Oberlin and the City of Oberlin Arts and Humanities Commission. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note 1, the City of Oberlin, Kansas, has prepared these financial statements in conformity with accounting practices prescribed by the State of Kansas to demonstrate 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 effect 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.

Honorable Mayor and City Council
City of Oberlin
Page Two

In our opinion, because of the omission of the component units, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Oberlin, Kansas, as of December 31, 2009, or the changes in financial position or, where applicable, its cash flows for the year then ended.

Also in our opinion, except for the effects of omitting the component units as discussed above, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Oberlin, Kansas, as of December 31, 2009, and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of the City of Oberlin, Kansas, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and other federal and state agencies to whose jurisdiction the City is subject and is not intended to be and should not be used by any one other than these specified parties. This restriction is not intended to limit the distribution of this report, which upon acceptance by the City Council, is a matter of public record.

Mapes & Miller

Certified Public Accountants

Norton, Kansas
February 3, 2011

CITY OF OBERLIN, KANSAS
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 For the Year Ended December 31, 2009

STATEMENT 1
 Page 1

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Types:							
General	\$ 68,631	0	875,926	775,351	169,206	104,311	273,517
Special Revenue Funds:							
Special Street	250,661	0	111,202	37,506	324,357	0	324,357
Library	1,736	0	63,525	49,467	15,794	0	15,794
Employee Benefits	5,174	0	128,819	113,420	20,573	0	20,573
Special Parks and Recreation	20,885	0	5,643	10,632	15,896	0	15,896
Tourism and Convention Promotion	0	0	9,860	9,860	0	0	0
Gateway Civic Center	103,989	0	287,848	286,024	105,813	1,429	107,242
Community Growth	198,462	0	50,000	81,930	166,532	0	166,532
Centennial Trust	1,494	0	21	0	1,515	0	1,515
Memorials	27,201	0	1,064	30	28,235	0	28,235
Airport Grant	(43,786)	0	298,563	254,777	0	0	0
Risk Management Reserve	112,397	0	0	2,949	109,448	0	109,448
Special Law Enforcement Trust	43,322	0	1,198	3,266	41,254	0	41,254
Special Equipment	58,534	0	50,000	0	108,534	0	108,534
Gateway Donation	1,082,802	0	5,500	301,436	786,866	0	786,866
Debt Service Funds:							
Bond and Interest	105,034	0	127,015	188,078	43,971	0	43,971
Capital Project Funds:							
CDBG Wastewater Grant	1	0	0	0	1	0	1
Proprietary Fund Types:							
Enterprise Funds:							
Electric Utility	461,718	0	1,878,622	1,991,080	349,260	57,622	406,882
Electric Reserve	466,683	0	89,710	0	556,393	0	556,393
Customer Deposits	0	0	2,460	2,460	0	23,696	23,696
Sewer Utility	131,154	0	314,838	239,423	206,569	39	206,608
Sewer Reserve	465,468	0	171,183	0	636,651	0	636,651
Water Utility	172,941	0	348,096	345,418	175,619	267	175,886

(Continued)

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

CITY OF OBERLIN, KANSAS
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 For the Year Ended December 31, 2009

STATEMENT 1
 Page 2

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Waste Water Project	\$ 15,723	0	61	0	15,784	0	15,784
Sappa Valley Youth	22,316	0	8,108	2,468	27,956	0	27,956
Total Primary Government	3,772,540	0	4,829,262	4,695,575	3,906,227	187,364	4,093,591
Component Units:							
Oberlin Public Library:							
General	(406)	0	49,968	49,562	0	0	0
State Grant	0	0	1,039	1,039	0	0	0
Northwest Kansas Library System Grant	0	0	4,185	4,185	0	0	0
Smart Start NWK Project Grant	0	0	500	0	500	0	500
Gates Foundation Grant	0	0	1,300	1,300	0	0	0
Memorials and Donations	49,350	0	2,951	5,265	47,036	0	47,036
Capital Improvement	18,681	0	0	7,382	11,299	0	11,299
Total Component Units	67,625	0	59,943	68,733	58,835	0	58,835
Total Reporting Entity (Excluding Agency Funds)	\$ 3,840,165	0	4,889,205	4,764,308	3,965,062	187,364	4,152,426

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

CITY OF OBERLIN, KANSAS
 Composition of Cash
For the Year Ended December 31, 2009

STATEMENT 1
 Page 3

Primary Government:	
The Bank, Oberlin, Kansas	
NOW Accounts	\$ 2,767,268
Savings Accounts	1,145,306
Certificate of Deposit	1,515
First National Bank, Oberlin, Kansas	
Certificates of Deposit	<u>179,502</u>
Total Cash and Investments	4,093,591
Less: Agency Funds - Statement 4	<u>0</u>
Total Primary Government	<u>4,093,591</u>
Component Units:	
Oberlin Public Library Board:	
Cash on hand	228
The Bank, Oberlin, Kansas	
NOW Account	11,849
First National Bank, Oberlin, Kansas	
NOW Account	13,124
Certificates of Deposit	<u>33,634</u>
Total Component Units	<u>58,835</u>
Total Reporting Entity per Statement 1, Page 2	<u>\$ 4,152,426</u>

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

CITY OF OBERLIN, KANSAS

STATEMENT 2

Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2009

Description	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General	\$ 1,002,800	78,429	1,081,229	775,351	(305,878)
Special Revenue Funds:					
Special Street	347,500	0	347,500	37,506	(309,994)
Library	54,000	0	54,000	49,467	(4,533)
Employee Benefits	130,000	0	130,000	113,420	(16,580)
Special Parks and Recreation	17,050	85	17,135	10,632	(6,503)
Tourism and Convention Promotion	9,000	0	9,000	9,860	860
Gateway Civic Center	280,000	47,225	327,225	286,024	(41,201)
Community Growth	95,000	0	95,000	81,930	(13,070)
Debt Service Fund:					
Bond and Interest	210,537	0	210,537	188,078	(22,459)
Enterprise Funds:					
Electric Utility	2,248,700	13,732	2,262,432	1,991,080	(271,352)
Sewer Utility	495,809	0	495,809	239,423	(256,386)
Water Utility	457,203	0	457,203	345,418	(111,785)
Sappa Valley Youth	24,202	0	24,202	104	(24,098)

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

CITY OF OBERLIN, KANSAS
General Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

STATEMENT 3

Page 1

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property	\$ 331,583	343,662	(12,079)
Delinquent	8,645	8,644	1
Motor Vehicle	63,662	55,000	8,662
Recreational Vehicle	1,119	1,100	19
16/20M Vehicle	1,939	2,100	(161)
Excise	73	0	73
Local Sales	116,729	90,000	26,729
Intergovernmental			
Local Alcoholic Liquor	5,558	3,800	1,758
Licenses, Fees, Fines and Permits			
Franchise Fees	37,793	36,000	1,793
Licenses and Permits	2,217	3,000	(783)
Court Fines	25,823	16,000	9,823
Use of Money and Property			
Interest on Idle Funds	22,135	13,500	8,635
Other			
Swimming Pool	12,074	10,000	2,074
Cemetery Lots and Graves	11,500	7,000	4,500
Airport Rental	1,758	2,500	(742)
Miscellaneous	19,735	55,000	(35,265)
Reimbursed Expense	83,429	5,000	78,429
Grants	55,154	260,000	(204,846)
Transfer from Employee Benefits	0	30,000	(30,000)
Transfer from Electric	75,000	75,000	0
	<u>875,926</u>	<u>1,017,306</u>	<u>(141,380)</u>
Total Cash Receipts			

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

CITY OF OBERLIN, KANSAS
General Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Expenditures:			
General Government:			
Personal Services	\$ 30,980	38,500	(7,520)
Contractual Services	54,359	85,000	(30,641)
Commodities	60,031	59,500	531
Capital Outlay	0	17,000	(17,000)
Total General Government	145,370	200,000	(54,630)
Police Department:			
Personal Services	182,750	178,500	4,250
Contractual Services	44,606	69,500	(24,894)
Commodities	46,019	27,000	19,019
Total Police Department	273,375	275,000	(1,625)
Street Department:			
Personal Services	6,808	0	6,808
Contractual Services	1,962	14,000	(12,038)
Commodities	22,585	36,000	(13,415)
Capital Outlay	8,094	0	8,094
Total Street Department	39,449	50,000	(10,551)
Cemetery:			
Personal Services	38,221	28,500	9,721
Contractual Services	15,802	12,500	3,302
Commodities	8,166	9,000	(834)
Total Cemetery	62,189	50,000	12,189

(Continued)

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

CITY OF OBERLIN, KANSAS
General Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Fire Department:			
Personal Services	\$ 5,883	5,000	883
Contractual Services	1,259	3,500	(2,241)
Commodities	1,866	1,000	866
Capital Outlay	0	0	0
Total Fire Department	9,008	9,500	(492)
Park:			
Personal Services	24,899	41,500	(16,601)
Contractual Services	5,082	2,800	2,282
Commodities	11,152	16,000	(4,848)
Capital Outlay	0	0	0
Total Park	41,133	60,300	(19,167)
Pool:			
Personal Services	27,311	22,000	5,311
Contractual Services	3,091	2,000	1,091
Commodities	73,328	80,760	(7,432)
Capital Outlay	0	240	(240)
Total Pool	103,730	105,000	(1,270)
Airport:			
Personal Services	2,935	3,000	(65)
Contractual Services	0	35,000	(35,000)
Commodities	74,754	182,000	(107,246)
Total Airport	77,689	220,000	(142,311)

(Continued)

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

CITY OF OBERLIN, KANSAS
General Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Library:			
Contractual Services	\$ 0	2,500	(2,500)
Commodities	<u>4,540</u>	<u>0</u>	<u>4,540</u>
Total Library	<u>4,540</u>	<u>2,500</u>	<u>2,040</u>
Other Expenditures:			
Animal Control	7,384	0	7,384
Municipal Court	1,313	0	1,313
Economic Development	2,171	7,500	(5,329)
Demolition	0	15,000	(15,000)
Appropriations to Arts and Humanities Commission	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Total Other Expenditures	<u>18,868</u>	<u>30,500</u>	<u>(11,632)</u>
Adjustment for Qualifying Budget Credits:			
Excess Reimbursed Expense	<u>0</u>	<u>78,429</u>	<u>(78,429)</u>
Total Expenditures	<u>775,351</u>	<u>1,081,229</u>	<u>(305,878)</u>
Cash Receipts Over (Under) Expenditures	100,575		
Unencumbered Cash, Beginning	<u>68,631</u>		
Unencumbered Cash, Ending	\$ <u>169,206</u>		

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

CITY OF OBERLIN, KANSAS
Special Street Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
State of Kansas	\$ 42,048	52,610	(10,562)
Transfer from Electric Utility	69,154	67,000	2,154
Total Receipts	111,202	119,610	(8,408)
Expenditures:			
Personal Services	18,514	24,500	(5,986)
Contractual Services	3,408	25,000	(21,592)
Commodities	1,413	5,000	(3,587)
Capital Outlay	14,171	293,000	(278,829)
Total Expenditures	37,506	347,500	(309,994)
Cash Receipts Over (Under) Expenditures	73,696		
Unencumbered Cash, Beginning	250,661		
Unencumbered Cash, Ending	\$ 324,357		

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

CITY OF OBERLIN, KANSAS
Library Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property	\$ 23,416	23,000	416
Delinquent	700	705	(5)
Motor Vehicle	5,147	2,585	2,562
16/20M Vehicle	166	0	166
Recreational Vehicle	90	49	41
Excise	6	0	6
Transfer from Electric Utility	34,000	25,000	9,000
Total Cash Receipts	63,525	51,339	12,186
Expenditures:			
Personal Services	10,354	15,000	(4,646)
Contractual Services	68	0	68
Commodities	45	0	45
Appropriations to Library Board	39,000	39,000	0
Total Expenditures	49,467	54,000	(4,533)
Cash Receipts Over (Under) Expenditures	14,058		
Unencumbered Cash, Beginning	1,736		
Unencumbered Cash, Ending	\$ 15,794		

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

CITY OF OBERLIN, KANSAS
Employee Benefits Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property	\$ 104,691	108,248	(3,557)
Delinquent	2,747	0	2,747
Motor Vehicle	20,423	20,221	202
16/20M Vehicle	561	447	114
Recreational Vehicle	360	376	(16)
Excise Tax	37	0	37
Total Cash Receipts	128,819	129,292	(473)
Expenditures:			
Social Security/Medicare Taxes	12,468	36,000	(23,532)
KPEERS	6,175	16,500	(10,325)
Workmans' Compensation Insurance	13,587	12,000	1,587
Unemployment Insurance	99	500	(401)
Health Insurance	81,091	65,000	16,091
Total Expenditures	113,420	130,000	(16,580)
Cash Receipts Over (Under) Expenditures	15,399		
Unencumbered Cash, Beginning	5,174		
Unencumbered Cash, Ending	\$ 20,573		

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

CITY OF OBERLIN, KANSAS
Special Parks and Recreation Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Local Alcoholic Liquor Tax	\$ 5,558	3,800	1,758
Donations	85	0	85
Total Cash Receipts	5,643	3,800	1,843
Expenditures:			
Personal Services	3,112	0	3,112
Contractual Services	7,319	500	6,819
Commodities	201	50	151
Summer Recreation Program	0	1,500	(1,500)
Capital Outlay	0	15,000	(15,000)
Adjustment for Qualifying Budget Credits:			
Donations	0	85	(85)
Total Expenditures	10,632	17,135	(6,503)
Cash Receipts Over (Under) Expenditures	(4,989)		
Unencumbered Cash, Beginning	20,885		
Unencumbered Cash, Ending	\$ 15,896		

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

CITY OF OBERLIN, KANSAS
Tourism and Convention Promotion Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Transient Guest Tax	\$ <u>9,860</u>	<u>9,000</u>	<u>860</u>
Expenditures:			
Appropriations to Convention and Visitors Bureau	<u>9,860</u>	<u>9,000</u>	<u>860</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

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

CITY OF OBERLIN, KANSAS
Gateway Civic Center Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

STATEMENT 3
Page 10

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Catering and Concessions	\$ 52,808	45,000	7,808
Rentals	16,398	15,000	1,398
Interest on Idle Funds	203	0	203
Miscellaneous	1,729	0	1,729
Reimbursed Expense	47,225	7,000	40,225
Transfer from Gateway Donation	119,485	100,000	19,485
Transfer from Electric Utility	50,000	50,000	0
Total Cash Receipts	287,848	217,000	70,848
Expenditures:			
Personal Services	125,964	135,000	(9,036)
Commodities	0	70,000	(70,000)
Contractual	38,022	50,000	(11,978)
Advertising	6,084	0	6,084
Building and Equipment Repairs	20,568	0	20,568
Equipment and Supplies	37,794	25,000	12,794
Food Preparation	30,002	0	30,002
Marketing Director	0	0	0
Other Costs	17,353	0	17,353
Telephone/Internet Expenses	1,438	0	1,438
Utilities	8,799	0	8,799
Miscellaneous	0	0	0
Adjustment for Qualifying Budget Credits:			
Donations	0	47,225	(47,225)
Total Expenditures	286,024	327,225	(41,201)
Cash Receipts Over (Under) Expenditures	1,824		
Unencumbered Cash, Beginning	103,989		
Unencumbered Cash, Ending	\$ 105,813		

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

CITY OF OBERLIN, KANSAS
Community Growth Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Transfer from Electric Utility	\$ <u>50,000</u>	<u>50,000</u>	<u>0</u>
Expenditures:			
Economic Development	<u>81,930</u>	<u>95,000</u>	<u>(13,070)</u>
Cash Receipts Over (Under) Expenditures	(31,930)		
Unencumbered Cash, Beginning	<u>198,462</u>		
Unencumbered Cash, Ending	\$ <u>166,532</u>		

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

CITY OF OBERLIN, KANSAS
Bond and Interest Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem Property	\$ 100,438	102,818	(2,380)
Delinquent	3,131	1,000	2,131
Motor Vehicle	22,273	21,976	297
16/20M Vehicle	757	486	271
Recreational Vehicle	391	409	(18)
Excise	25	0	25
Transfer from Water Utility	0	43,100	(43,100)
Total Cash Receipts	127,015	169,789	(42,774)
Expenditures:			
Principal	162,866	139,988	22,878
Interest	25,212	45,549	(20,337)
Cash Basis Reserve	0	25,000	(25,000)
Total Expenditures	188,078	210,537	(22,459)
Cash Receipts Over (Under) Expenditures	(61,063)		
Unencumbered Cash, Beginning	105,034		
Unencumbered Cash, Ending	\$ 43,971		

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

CITY OF OBERLIN, KANSAS
Electric Utility Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

STATEMENT 3
Page 13

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Electric Sales	\$ 1,839,993	1,860,000	(20,007)
Hookup Charges and Rentals	5,210	1,500	3,710
Miscellaneous	14,687	3,600	11,087
Reimbursed Expense	18,732	5,000	13,732
Total Cash Receipts	1,878,622	1,870,100	8,522
Expenditures:			
Production	0	1,350,600	(1,350,600)
Transmission & Distribution	0	250,000	(250,000)
General & Administrative	0	155,000	(155,000)
Personal Services	212,459	0	212,459
Commodities	130,163	0	130,163
Contractual	1,178,510	0	1,178,510
Miscellaneous	14,391	0	14,391
Capital Outlay	29,581	125,000	(95,419)
Economic Development	8,112	7,600	512
Transfer to General	75,000	75,000	0
Transfer to Library	34,000	9,000	25,000
Transfer to Gateway Civic Center	50,000	50,000	0
Transfer to Special Equipment	50,000	50,000	0
Transfer to Community Growth	50,000	50,000	0
Transfer to Electric Reserve	89,710	59,500	30,210
Transfer to Special Street	69,154	67,000	2,154
Adjustment for Qualifying Budget Credits:			
Excess Reimbursed Expense	0	13,732	(13,732)
Total Expenditures	1,991,080	2,262,432	(271,352)
Cash Receipts Over (Under) Expenditures	(112,458)		
Unencumbered Cash, Beginning	461,718		
Unencumbered Cash, Ending	\$ <u><u>349,260</u></u>		

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

CITY OF OBERLIN, KANSAS
Sewer Utility Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Sewer Service Charges	\$ 313,835	330,000	(16,165)
Miscellaneous	1,003	0	1,003
Reimbursed Expense	0	0	0
Total Cash Receipts	314,838	330,000	(15,162)
Expenditures:			
Personal Services	13,743	0	13,743
Contractual Services	24,279	7,000	17,279
Commodities	29,706	8,500	21,206
Capital Outlay	0	200,000	(200,000)
Electric Utility	0	9,000	(9,000)
Interest	0	34,498	(34,498)
Principal	0	56,811	(56,811)
Miscellaneous	512	0	512
Transfer to Sewer Reserve	171,183	180,000	(8,817)
Total Expenditures	239,423	495,809	(256,386)
Cash Receipts Over (Under) Expenditures	75,415		
Unencumbered Cash, Beginning	131,154		
Unencumbered Cash, Ending	\$ 206,569		

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

CITY OF OBERLIN, KANSAS
Water Utility Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

STATEMENT 3
Page 15

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Water Sales	\$ 321,513	305,000	16,513
Hookup Charges	1,540	500	1,040
Miscellaneous	1,306	700	606
Reimbursed Expense	23,737	24,000	(263)
Total Cash Receipts	348,096	330,200	17,896
Expenditures:			
Personal Services	139,957	182,103	(42,146)
Contractual Services	27,894	52,000	(24,106)
Commodities	82,751	90,000	(7,249)
Capital Outlay	0	90,000	(90,000)
Miscellaneous	6,048	0	6,048
Loan Payments	88,768		88,768
Transfer to Bond and Interest	0	43,100	(43,100)
Total Expenditures	345,418	457,203	(111,785)
Cash Receipts Over (Under) Expenditures	2,678		
Unencumbered Cash, Beginning	172,941		
Unencumbered Cash, Ending	\$ 175,619		

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

CITY OF OBERLIN, KANSAS
Sappa Valley Youth Fund
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Donations	\$ 100	0	100
Reimbursed Expenses	8,008	0	8,008
Total Cash Receipts	8,108	0	8,108
Expenditures:			
Contractual	1,889	0	1,889
Miscellaneous	475	0	475
Maintenance and Repairs	104	24,202	(24,098)
Total Expenditures	2,468	24,202	(21,734)
Cash Receipts Over (Under) Expenditures	5,640		
Unencumbered Cash, Beginning	22,316		
Unencumbered Cash, Ending	\$ 27,956		

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

CITY OF OBERLIN, KANSAS
 Any Nonbudgeted Fund
 Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009

	<u>Centennial Trust</u>	<u>Memorials</u>
Cash Receipts:		
Interest on Idle Funds	\$ <u>21</u>	<u>1,064</u>
Expenditures:		
Cemetery Expense	<u>0</u>	<u>30</u>
Cash Receipts Over (Under) Expenditures	21	1,034
Unencumbered Cash, Beginning	<u>1,494</u>	<u>27,201</u>
Unencumbered Cash, Ending	\$ <u><u>1,515</u></u>	<u><u>28,235</u></u>

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

CITY OF OBERLIN, KANSAS
 Any Nonbudgeted Fund
 Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009

	<u>Airport Grant</u>	<u>CDBG Wastewater Grant</u>
Cash Receipts:		
Grant Proceeds	\$ <u>298,563</u>	<u>0</u>
Expenditures		
Program Expenses	<u>254,777</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	43,786	0
Unencumbered Cash, Beginning	<u>(43,786)</u>	<u>1</u>
Unencumbered Cash, Ending	\$ <u>0</u>	<u>1</u>

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

CITY OF OBERLIN, KANSAS
Any Nonbudgeted Fund
Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009

	<u>Risk Management Reserve</u>	<u>Special Law Enforcement Trust</u>	<u>Special Equipment</u>
Cash Receipts:			
Interest on Idle Funds	\$ 0	198	0
Miscellaneous	0	1,000	0
Transfer from Electric Utility	<u>0</u>	<u>0</u>	<u>50,000</u>
 Total Cash Receipts	 <u>0</u>	 <u>1,198</u>	 <u>50,000</u>
 Expenditures:			
Commodities	0	2,914	0
Contractual	<u>2,949</u>	<u>352</u>	<u>0</u>
 Total Expenditures	 <u>2,949</u>	 <u>3,266</u>	 <u>0</u>
 Cash Receipts Over (Under) Expenditures	 (2,949)	 (2,068)	 50,000
Unencumbered Cash, Beginning	<u>112,397</u>	<u>43,322</u>	<u>58,534</u>
 Unencumbered Cash, Ending	 <u>\$ 109,448</u>	 <u>41,254</u>	 <u>108,534</u>

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

CITY OF OBERLIN, KANSAS
 Any Nonbudgeted Fund
 Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009

	Waste Water Project	Electric Reserve	Customer Deposits
Cash Receipts:			
Deposits	\$ 0	0	2,460
Interest on Idle Funds	61	0	0
Transfer from Electric Utility	0	89,710	0
Total Cash Receipts	61	89,710	2,460
Expenditures:			
Deposit Refunds	0	0	2,460
Cash Receipts Over (Under) Expenditures	61	89,710	0
Unencumbered Cash, Beginning	15,723	466,683	0
Unencumbered Cash, Ending	\$ 15,784	556,393	0

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

CITY OF OBERLIN, KANSAS
 Any Nonbudgeted Fund
 Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009

	<u>Sewer Reserve</u>	<u>Gateway Donation</u>
Cash Receipts:		
Donations	\$ 0	978
Interest on Idle Funds	0	4,522
Transfer from Sewer Utility	<u>171,183</u>	<u>0</u>
Total Cash Receipts	<u>171,183</u>	<u>5,500</u>
Expenditures:		
Infrastructure	0	181,452
Miscellaneous	0	499
Transfer to Gateway Civic	<u>0</u>	<u>119,485</u>
Total Cash Receipts	<u>0</u>	<u>301,436</u>
Cash Receipts Over (Under) Expenditures	171,183	(295,936)
Unencumbered Cash, Beginning	<u>465,468</u>	<u>1,082,802</u>
Unencumbered Cash, Ending	\$ <u>636,651</u>	<u>786,866</u>

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

CITY OF OBERLIN, KANSAS
Component Units
Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009

	Oberlin Public Library		
	General	State Grant	Northwest Kansas Library System Grant
Cash Receipts:			
Appropriation from City	\$ 39,000	0	0
Grant Proceeds	0	1,039	4,185
Fines and Fees	3,525	0	0
Interest on Idle Funds	0	0	0
Miscellaneous	61	0	0
Transfer from Capital Outlay	7,382	0	0
 Total Cash Receipts	 49,968	 1,039	 4,185
Expenditures			
Salaries and Wages	35,270	0	0
Retirement	2,155	0	0
Audio and Video	446	494	431
Books and Periodicals	6,316	545	3,069
Bookkeeping	540	0	0
Special Projects	85	0	0
Building Repairs	514	0	0
Electronic Equipment Purchases and Maintenance	1,772	0	0
Miscellaneous	163	0	0
Postage	490	0	685
Supplies	1,167	0	0
Telecommunications	644	0	0
 Total Expenditures	 49,562	 1,039	 4,185
Cash Receipts Over (Under) Expenditures	406	0	0
Unencumbered Cash, Beginning	(406)	0	0
 Unencumbered Cash, Ending	 \$ 0	 0	 0

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

CITY OF OBERLIN, KANSAS
Component Units
Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009

Oberlin Public Library				
	Smart Start NWK Project Grant	Gates Foundation Grant	Memorials and Donations	Capital Improvement
Cash Receipts:				
Memorials and Donations	\$ 0	0	1,805	0
Interest on Idle Funds	0	0	1,146	0
Grant Proceeds	500	1,300	0	0
Total Cash Receipts	500	1,300	2,951	0
Expenditures				
Audio and Video	0	0	954	0
Books and Periodicals	0	0	4,213	0
Capital Outlay	0	1,300	98	0
Transfer to General	0	0	0	7,382
Total Expenditures	0	1,300	5,265	7,382
Cash Receipts Over (Under) Expenditures	500	0	(2,314)	(7,382)
Unencumbered Cash, Beginning	0	0	49,350	18,681
Unencumbered Cash, Ending	\$ 500	0	47,036	11,299

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

CITY OF OBERLIN, KANSAS

STATEMENT 4

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended December 31, 2009

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Trash Service	\$ <u>0</u>	<u>147,201</u>	<u>147,201</u>	<u>0</u>

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

CITY OF OBERLIN, KANSAS

Notes to the Financial Statements

December 31, 2009

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Oberlin, Kansas, the primary government, operates as a third class city in accordance with the laws of the State of Kansas. The City operates under a mayor-council form of government and provides the following services: public safety (police and fire protection), highways and streets, electricity, water, sewer, sanitation, social, culture and recreation, planning and zoning, public improvements and general administrative services.

Discretely Presented Component Unit

The component unit section of these financial statements includes the financial data of a discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the City.

Oberlin Public Library. The Oberlin Public Library operates a municipal public library for the City of Oberlin. A seven-member board of trustees is appointed by the City Council to oversee the operation. The City annually levies a tax for the operation of the Library and also provides the facilities. The City can also issue bonded debt for the benefit of the Library. The Library Board must obtain the approval for the acquisition or disposal of real property from the City Council.

Principles Determining Scope of Reporting Entity

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financial accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the following are component units of the City:

Oberlin Public Library
Housing Authority of the City of Oberlin
City of Oberlin Arts and Humanities Commission

Financial information for the Housing Authority of the City of Oberlin and the City of Oberlin Arts and Humanities Commission have not been reported in the City's financial statements. Accordingly, these financial statements are not a complete presentation in accordance with generally accepted accounting principles.

Housing Authority of the City of Oberlin. The Housing Authority of the City of Oberlin operates the city's public housing facilities. The Housing Authority can sue and be sued, and can buy, sell or lease real property. A five-member board is appointed by the City Council to oversee the operation. The Housing Authority must obtain approval from the City Council for bond issuances. The Housing Authority of the City of Oberlin issues separately audited financial statements that may be obtained from the Executive Director, Oberlin Housing Authority, 202 North Elk, Oberlin, KS 67749.

City of Oberlin Arts and Humanities Commission. The City of Oberlin Arts and Humanities Commission was established by the City to generally stimulate, facilitate, coordinate and cooperate with existing organizations for the development of the arts and historical tradition of the City and to initiate programs and proposals of encouragement for promotion and development of the arts, culture, heritage beauty and tradition of the City. The seven member Commission consists of five Mayor appointees, with City Council approval, one City Council member, and one County Commissioner. Financing is provided primarily from grants, event fees and appropriations from the City. Unaudited financial statements for the City of Oberlin Arts and Humanities Commission may be obtained from the Commission Treasurer, Route 1, Box 65, Oberlin, KS 67749.

Fund Accounting

In governmental 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, restrictions or limitations.

The following types of funds comprise the financial activities of the City of Oberlin for the year 2009:

Governmental Funds:

General Fund--To account for all unrestricted financial 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.

Debt Service Funds--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.

Capital Project Funds--To account for financial resources segregated for the acquisition of major capital facilities (other than those financed by enterprise funds).

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 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:

Private Purpose Trust and Agency Funds--To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Reimbursed Expenditures

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expenses was directly tied to the amount of the original cash disbursement.

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, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and 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 is charged in the fund from which the transfer is made.

The municipality 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 City to use the statutory basis of accounting.

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

The basis of accounting 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 expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balances 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 fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, building, 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.

2. 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 adoption of the legal annual operating budgets:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. No funds were amended in this manner for the year ended December 31, 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.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds and the following funds:

	<u>Statutory Authority for Exemption</u>
Special Revenue Funds:	
Centennial Trust	K.S.A. 79-2925
Memorials	K.S.A. 79-2925
Airport Grant	K.S.A. 12-1663
CDBG Wastewater Grant	K.S.A. 12-1663
Risk Management Reserve	K.S.A. 12-2615
Special Law Enforcement Trust	K.S.A. 60-4117
Special Equipment	K.S.A. 12-1,117
Bremer/Gateway Donation	K.S.A. 79-2925
Enterprise Funds:	
Electric Reserve	K.S.A. 12-825d
Customer Deposits	K.S.A. 12-822
Sewer Reserve	K.S.A. 12-631p
Water Reserve	K.S.A. 12-825d
Wastewater Project	K.S.A. 12-631p

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.

3. Property Taxes

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due 1/2 on December 20th and 1/2 the following May 10th. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year: such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the City and therefore are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

4. **Inventories and Prepaid Expenses**

Inventories and prepaid expenses that benefit future periods are recorded as expenditures during the year of purchase.

5. **Compensated Absences**

City of Oberlin

Vacation Pay

Full-time City employees earn one day of vacation for each month worked. Employees who have been employed by the City for more than ten years but less than fifteen years earn one and one quarter (1 1/4) vacation days per month. Employees who have been employed by the City for more than fifteen years but less than twenty years earn one and one half (1 1/2) vacation days per month. Employees who have been employed by the City for more than twenty years earn one and three quarters (1 3/4) vacation days per month. Vacation can be accumulated up to thirty days. The cost of accumulated vacation pay as of December 31, 2009 was \$17,168.

Sick Pay

Sick leave is granted to employees at a rate of one day per calendar month and may be accumulated to 120 days. The cost of accumulated sick leave is not payable upon termination and therefore was not recorded or estimated as of December 31, 2009.

Oberlin Public Library

Vacation Pay

The head librarian earns seven days of vacation in the first year of employment. After the first year of service, the head librarian earns fourteen days of vacation per year. Assistants working fifteen hours or more per week earn three days of vacation in the first year of employment. After the first year of service, assistants working fifteen hours or more per week earn seven days of vacation per year. Assistants with two or more years of service who fall below the fifteen-hour per week may retain the seven days vacation per year benefit at the Board's discretion. Vacation time is not allowed to accumulate and any unused time is forfeited, therefore, no cost for accumulated vacation pay was recorded or estimated as of December 31, 2009.

Sick Pay

The head librarian earns sick leave at the rate of one day per month, accumulative to thirty days. Assistants working fifteen hours or more per week, earn sick leave at the rate of one-half day per month accumulative to fifteen days. The cost of accumulated sick leave is not payable upon termination and therefore was not recorded or estimated as of December 31, 2009.

6. Defined Benefit Pension PlanPlan Description

The City of Oberlin, Kansas and the Oberlin Public Library contribute to 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, KS 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 rate 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 contribution rates for KPERS employers. The employer rate established for 2009, which includes pension contributions and Group Death Disability Insurance, was 7.14%. The City of Oberlin, Kansas' employer contributions to KPERS for the years ended December 31, 2009, 2008, and 2007 were \$38,244, \$30,215, and \$27,737 respectively, equal to the required contributions for each year. The Oberlin Public Library's employer contributions to KPERS for the years ending December 31, 2009, 2008 and 2007 were \$1,602, \$1,467, and \$1,335 respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits

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 City is subsidizing the retirees because each participant is charged a level 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 City 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.

8. Deposits and Investments

At December 31, 2009, the City and the Library had no investments, except for certificates of deposit, which are considered as a component of deposits.

K.S.A. 9-1401 establishes the depositories which may be used by the City and the Library. The statute requires banks eligible to hold the City's and Library's funds have a main or branch bank in the county in which the municipality is located and the banks provide an acceptable rate of return on the funds. In addition, K.S.A 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Neither the City nor the Library have other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's and the Library'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. Neither the City nor the Library have an investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City and the Library 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 or the Library's deposits may not be returned to it. State statutes require the City's and the Library'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%. Neither the City nor the Library have designated any "peak periods" with eligible depositories. All deposits were legally secured at December 31, 2009.

At December 31, 2009, the City's carrying amount of deposits was \$4,093,591 and the bank balance was \$4,151,642. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$477,040 was covered by federal depository insurance, \$3,674,602 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2009, the Library's carrying amount of deposits was \$58,447 and the bank balance was \$64,071. The bank balance was held by two banks resulting in a concentration of credit risk. All of the bank balance was covered by federal depository insurance.

9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain worker's compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in The Kansas Municipal Insurance Trust (KMIT), a municipal group funded pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to KMIT for its worker's compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT's management.

The City continues to carry commercial insurance for all other risks of loss, including property, general liability, inland marine, law enforcement liability, underground storage tank liability, airport owners and operators general liability and automobile. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. Compliance with Finance Related Legal and Contractual ProvisionsBudget Compliance

K.S.A. 79-2935 states that it is unlawful for expenditures to exceed the City's published budget. It appears that the Tourism and Convention Promotion fund has exceeded its respective published budget amount. This appears to be a violation of K.S.A. 79-2935.

11. Interfund Transactions

Operating transfers were as follows:

From	To	Statutory Authority	Amount
Electric Utility	General	K.S.A. 12-825d	\$ 75,000
Electric Utility	Library	K.S.A. 12-825d	34,000
Electric Utility	Community Growth	K.S.A. 12-825d	50,000
Electric Utility	Special Equipment	K.S.A. 12-825d	50,000
Electric Utility	Electric Reserve	K.S.A. 12-825d	89,710
Electric Utility	Special Street	K.S.A. 12-825d	69,154
Electric Utility	Gateway Civic Center	K.S.A. 12-825d	50,000
Sewer Utility	Sewer Reserve	K.S.A. 12-631o	171,183
Gateway Donation	Gateway Civic Center	K.S.A. 79-2925	119,485

12. Long-term Debt

Changes in long-term liabilities for the City of Oberlin, Kansas for the year ended December 31, 2009, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:										
Series 2000 Fire Truck	0.00%	01/15/00	\$ 152,000	01/15/09	\$ 16,888	0	16,888		0	0
Series 2001 Refunding and Improvement	4.00 to 4.60%	07/15/01	1,005,000	10/01/11	345,000	0	110,000		235,000	15,535
Series 2003 Water System Improvements	4.25%	08/15/03	1,047,800	08/15/37	<u>706,200</u>	<u>0</u>	<u>13,100</u>		<u>693,100</u>	<u>30,014</u>
Total General Obligation Bonds					<u>1,068,088</u>	<u>0</u>	<u>139,988</u>		<u>928,100</u>	<u>45,549</u>
KDHE Loans:										
Water Pollution	2.77%	05/25/04	1,580,175	03/01/26	<u>1,259,532</u>	<u>0</u>	<u>56,811</u>		<u>1,202,721</u>	<u>31,385</u>
Total KDHE Revolving Loans					<u>1,259,532</u>	<u>0</u>	<u>56,811</u>		<u>1,202,721</u>	<u>31,385</u>
Total Contractual Indebtedness					<u>2,327,620</u>	<u>0</u>	<u>196,799</u>		<u>2,130,821</u>	<u>76,934</u>
Compensated Absences:										
Primary Government:										
Vacation	N/A	N/A	N/A	N/A	29,864			(12,696)	17,168	
Total Long-Term Debt					<u>\$2,357,484</u>	<u>0</u>	<u>196,799</u>	<u>(12,696)</u>	<u>2,147,989</u>	<u>76,934</u>

12. Long-term Debt - (Continued)

Current maturities of long-term debt for the City of Oberlin, Kansas through maturity are as follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015-2019</u>	<u>2020-2024</u>	<u>2025-2029</u>	<u>2030-2034</u>	<u>2035-2039</u>	<u>Total</u>
PRINCIPAL											
General Obligation Bonds:											
Series 2001 Refunding and Improvement	\$ 115,000	120,000	0	0	0	0	0	0	0	0	235,000
Series 2003 Water System Improvements	13,600	14,200	14,800	15,400	16,100	91,300	112,400	138,300	170,400	106,600	693,100
Total General Obligation Bonds	<u>128,600</u>	<u>134,200</u>	<u>14,800</u>	<u>15,400</u>	<u>16,100</u>	<u>91,300</u>	<u>112,400</u>	<u>138,300</u>	<u>170,400</u>	<u>106,600</u>	<u>928,100</u>
KDHE Loans:											
Water Pollution	58,396	60,024	61,699	63,419	65,188	354,251	406,488	133,256	0	0	1,202,721
Total KDHE Loans	<u>58,396</u>	<u>60,024</u>	<u>61,699</u>	<u>63,419</u>	<u>65,188</u>	<u>354,251</u>	<u>406,488</u>	<u>133,256</u>	<u>0</u>	<u>0</u>	<u>1,202,721</u>
TOTAL PRINCIPAL	<u>186,996</u>	<u>194,224</u>	<u>76,499</u>	<u>78,819</u>	<u>81,288</u>	<u>445,551</u>	<u>518,888</u>	<u>271,556</u>	<u>170,400</u>	<u>106,600</u>	<u>2,130,821</u>
INTEREST											
General Obligation Bonds:											
Series 2001 Refunding and Improvement	10,695	5,520	0	0	0	0	0	0	0	0	16,215
Series 2003 Water System Improvements	29,457	28,879	28,275	27,646	26,992	124,096	102,978	76,985	44,986	8,611	498,905
Total General Obligation Bonds	<u>40,152</u>	<u>34,399</u>	<u>28,275</u>	<u>27,646</u>	<u>26,992</u>	<u>124,096</u>	<u>102,978</u>	<u>76,985</u>	<u>44,986</u>	<u>8,611</u>	<u>515,120</u>
KDHE Loans:											
Water Pollution	35,321	33,573	31,776	29,929	28,031	109,777	53,719	3,979	0	0	326,105
Total KDHE Loans	<u>35,321</u>	<u>33,573</u>	<u>31,776</u>	<u>29,929</u>	<u>28,031</u>	<u>109,777</u>	<u>53,719</u>	<u>3,979</u>	<u>0</u>	<u>0</u>	<u>326,105</u>
TOTAL INTEREST	<u>75,473</u>	<u>67,972</u>	<u>60,051</u>	<u>57,575</u>	<u>55,023</u>	<u>233,873</u>	<u>156,697</u>	<u>80,964</u>	<u>44,986</u>	<u>8,611</u>	<u>841,225</u>
TOTAL PRINCIPAL AND INTEREST	<u>\$ 262,469</u>	<u>262,196</u>	<u>136,550</u>	<u>136,394</u>	<u>136,311</u>	<u>679,424</u>	<u>675,585</u>	<u>352,520</u>	<u>215,386</u>	<u>115,211</u>	<u>2,972,046</u>

APPENDIX C

SUMMARY OF PRINCIPAL FINANCING DOCUMENTS

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

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

THE NOTE 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 (specifically including K.S.A. 10-123), K.S.A. 10-620 *et seq.* and K.S.A. 65-163d through 65-163u, as amended and supplemented.

“Authorized Denomination” means \$5,000 or any integral multiples thereof, except one Note in denomination of \$3,000 (or such amount added to \$5,000 or an integral multiples thereof).

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

“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.

“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 Notes.

“City” means the City of Oberlin, 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 Note Resolution.

“Costs of Issuance” means all costs of issuing the Notes, 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, and all expenses incurred in connection with receiving ratings on the Notes.

“Costs of Issuance Account” means the account by that name created by the Note Resolution.

“Dated Date” means March 1, 2011.

“Debt Service Account” means the account by that name (within the Bond and Interest Fund) created by the Note 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 Notes 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 Note which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

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

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

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

“DTC” means The Depository Trust Company.

“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 Notes shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise;

(b) Payment of any installment of interest on any of the Notes 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 Notes or in the Note Resolution (other than the covenants relating to continuing disclosure) 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 Notes then Outstanding.

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

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

“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.

“Funds and Accounts” means funds and accounts created by or referred to in the Note Resolution.

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

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

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

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Note which shall be March 1 and September 1 of each year, commencing September 1, 2011.

“Issue Date” means the date when the Issuer delivers the Notes 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 Note means the date on which the principal of such Note becomes due and payable as therein and in the Note 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.

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

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

“Note Registrar” means the State Treasurer, and its successors and assigns.

“Note Resolution” means the resolution adopted by the governing body of the Issuer authorizing the issuance of the Notes, as amended from time to time.

“Notes” means the General Obligation Temporary Notes, Series 2011, authorized and issued by the Issuer pursuant to the Note Resolution.

“Official Statement” means the Issuer's Official Statement, dated February 17, 2011, relating to the Notes.

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

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

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

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

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by 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 Notes.

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

“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 Note to be redeemed means the date fixed for the redemption of such Note pursuant to the terms of the Note Resolution.

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

“Replacement Notes” means Notes issued to the Beneficial Owners of the Notes in accordance with the Note Resolution.

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

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“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 Note or any installment of interest thereon means the date specified in such Note and the Note Resolution as the fixed date on which the principal of such Note or such installment of interest is due and payable.

“**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 NOTE PROCEEDS

Creation of Funds and Accounts. Simultaneously with the issuance of the Notes, 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 Note Resolution so long as the Notes are Outstanding.

Deposit of Note Proceeds. The net proceeds received from the sale of the Notes shall be deposited simultaneously with the delivery of the Notes as follows:

- (a) All accrued interest and premium, if any, received from the sale of the Notes and an amount representing interest on the Notes during construction of the Improvements 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 Notes 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: (a) paying the costs of the Improvements and (b) paying Costs of Issuance.

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 Note 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 Note Resolution. Upon 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 Notes 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 Notes 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 Notes to include the Substitute Improvements; and (d) the use of the proceeds of the Notes to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax-exempt status of the Notes under State or federal law.

The Issuer may reallocate expenditure of Note proceeds among all Improvements financed by the Notes; 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 Notes allocated to any Improvement to exceed the Financeable Costs of the Improvement; and (c) the reallocation will not adversely affect the tax-exempt status of the Notes 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 Notes as and when the same become due and the usual and customary fees and expenses of the Note 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 Notes and the fees and expenses of the Note 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 Notes are no longer entitled to enforce payment of the Notes 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 Note Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Notes 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 Notes 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 Note Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Note Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Note Payment Date, and no interest shall accrue for the period after such Note 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.

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 Note 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.

DEFAULT AND REMEDIES

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

Limitation on Rights of Owners. The covenants and agreements of the Issuer contained in the Note Resolution and in the Notes shall be for the equal benefit, protection, and security of the Owners of any or all of the Notes, all of which Notes of any series shall be of equal rank and without preference or priority of one Note over any other Note in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Notes, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Note 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 Note Resolution, or to enforce any right, except in the manner provided in the Note 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 Notes.

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 Note 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 Notes, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Note Resolution and all other rights granted thereby shall terminate with respect to the Notes or scheduled interest payments thereon so paid and discharged. Notes, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Note 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 Notes 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 Notes 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 Notes, no such satisfaction shall occur until: (a) the Issuer has elected to redeem such Notes, 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 Note Registrar to give such notice of redemption.

TAX COVENANTS

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

Survival of Covenants. The covenants contained in the Note Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Notes pursuant to the Note Resolution or any other provision thereof until such time as is set forth in the Federal Tax Certificate

CONTINUING DISCLOSURE REQUIREMENTS

Disclosure Requirements. The Issuer covenants in the Note Resolution with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Instructions. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

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

days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section.

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 Notes. 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 Notes, 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 Notes 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 Notes 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 Notes 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 Notes or of the Note 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 Notes 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 Note;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Note;
- (c) permit preference or priority of any Note over any other Note; or
- (d) reduce the percentage in principal amount of Notes required for the written consent to any modification or alteration of the provisions of the Note Resolution.

Any provision of the Notes or of the Note 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 Notes at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Note 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 Notes among Improvements, to provide for Substitute Improvements, to conform the Note 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 Note 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 Transaction. The issuance of the Notes 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 Note 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 Note Resolution.

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

THE CONTINUING DISCLOSURE INSTRUCTIONS

The Continuing Disclosure Instructions are executed and delivered by the Issuer in connection with the issuance of the Notes pursuant to the Note Resolution, in which the Issuer covenants to enter into an undertaking to provide notice of certain material events with respect to the Notes in order to assist the Participating Underwriter in complying with the provisions of the SEC Rule. The Issuer is the only “obligated person” with responsibility for continuing disclosure with respect to the Notes.

DEFINITIONS

In addition to the definitions set forth in this “**APPENDIX C – THE NOTE RESOLUTION - Definitions**” unless otherwise defined herein, the following capitalized terms shall have the following meanings:

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

“**Designated Agent**” means Gilmore & Bell, P.C. or one or more other entities designated in writing by the Issuer to serve as a designated agent of the Issuer for purposes of these Disclosure Instructions.

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

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

“**Material Events**” means any of the events listed under the heading “**REPORTING OF MATERIAL EVENTS.**”

“**MSRB**” means the Municipal Securities Rulemaking Board.

“**Participating Underwriter**” means any of the original underwriters of the Notes required to comply with the SEC Rule in connection with offering of the Notes.

“**Repository**” means the MSRB via EMMA.

“**SEC**” means the Securities and Exchange Commission of the United States.

REPORTING OF MATERIAL EVENTS

The Issuer shall give, or cause the Dissemination Agent, if any, to give, to the Repository within 10 Business Days after the occurrence of any of the following events with respect to the Notes, notice of the following events:

- (1) Principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions ; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax-exempt status of the Notes;
- (7) modifications to rights of Owners, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Notes, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional Paying Agent or the change of name of the Paying Agent, if material

Notwithstanding the foregoing, notice of Material Events described in (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to the Owners of affected Notes pursuant to the Note Resolution.

DISSEMINATION AGENT

General. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Instructions, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Material Event Notices.

(1) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event.

(2) The Issuer will promptly respond in writing to any such request. Whenever the Issuer obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent or otherwise, the Issuer shall promptly determine if such event constitutes a Material Event and shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence. If the Issuer has determined that knowledge of an event is listed in (2), (7), (10) or (13) of the definition of a Material Event, is not material, the Issuer shall notify the Dissemination Agent in writing not to report the occurrence.

(3) If the Dissemination Agent has been given written instructions by the Issuer to report the occurrence of a Material Event, the Dissemination Agent shall file a notice of such occurrence with the Repository within 10 Business Days after the occurrence, with copies to the Issuer. Notwithstanding the foregoing, notice of Material Events described in paragraphs (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to the Owners of affected Notes pursuant to the Note Resolution.

Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in the Disclosure Instructions. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer.

Other Designated Agents. The Issuer may, from time to time, appoint or designate a Designated Agent to submit Annual Reports, Material Event notices, and other notices or reports pursuant to the Disclosure Instructions. The Issuer hereby appoints the Dissemination Agent and the Designated Agent(s) solely for the purpose of submitting Issuer-approved Annual Reports, Material Event notices, and other notices or reports pursuant to the Disclosure Instructions. The Issuer may revoke this designation at any time upon written notice to the Designated Agent.

MISCELLANEOUS PROVISIONS

Termination of Reporting Obligation. The Issuer's obligations under the Disclosure Instructions shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If the Issuer's obligations are assumed in full by some other entity as permitted in the Note Resolution, such person shall be responsible for compliance with under the Disclosure Instructions in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility. If such termination or substitution occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event

Amendment; Waiver. The Issuer and the Dissemination Agent, if any, may amend the Disclosure Instructions (and the Dissemination Agent shall not unreasonably refuse to execute any amendment so requested by the Issuer) and any provision of the Disclosure Instructions may be waived, provided that: (a) Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer and the Dissemination Agent, if any, with its opinion that the undertaking of the Issuer, as so amended or after giving effect to such waiver, is in compliance with the SEC Rule and all current amendments thereto and interpretations thereof that are applicable to the Disclosure Instructions; (b) if the amendment or waiver relates to a Material Event, such amendment or waiver may only be made in connection with a change in circumstances that arises from a change in law or legal requirements, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted; and (c) the amendment or waiver is either (1) approved by the Owners of the Notes in the same manner as provided in the Note Resolution with consent of the Owners, or (2) does not in the opinion of Bond Counsel materially impair the interests of the Owners or Beneficial Owners of the Notes. If there is an amendment or waiver, notice of the same shall be given in the same manner as for a Material Event.

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

Noncompliance. In the event of a failure of the Issuer or the Dissemination Agent, if any, to comply with any provision of the Disclosure Instructions, the Participating Underwriter or any Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, if any, as the case may be, to comply with its obligations under the Disclosure Instructions. Noncompliance with the provisions of the Disclosure Instructions shall not be deemed an Event of Default under the Note Resolution, and the sole remedy under the Disclosure Instructions in the event of any failure of the Issuer or the Dissemination Agent, if any, to comply with the Disclosure Instructions shall be an action to compel performance.

Electronic Transactions. Actions taken under the Disclosure Instructions and the arrangements described therein may be conducted and related documents may be stored by electronic means.

Beneficiaries. The Disclosure Instructions shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, the Participating Underwriter and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Governing Law. The Disclosure Instructions shall be governed by and construed in accordance with the laws of the State.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]