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PRELIMINARY OFFICIAL STATEMENT

**NEW ISSUE
BANK QUALIFIED**

RATING: S&P's "A+"

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest portion of Basic Rent Payments paid by the College and distributed to the owners of the Certificates is (a) excluded from gross income for federal income tax purposes; (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations; and (c) is exempt from income taxation by the State of Kansas. The Certificates are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Special Tax Counsel" herein.

\$2,080,000*

**COWLEY COUNTY COMMUNITY COLLEGE
COWLEY COUNTY, KANSAS**

REFUNDING CERTIFICATES OF PARTICIPATION, SERIES B, 2011

Evidencing Proportionate Interests In and Rights to Receive Payment Under the

Lease Purchase Agreement Between the College and Security Bank of Kansas City, Kansas City, Missouri, As Trustee

Dated: December 15, 2011

Due: March 1, as shown below

The Certificates are issuable in fully registered form, each in the denomination of \$5,000 or any integral multiple thereof not exceeding the principal amount of Certificates in each maturity. Interest portions of Basic Rent represented by the Certificates are payable semi-annually on March 1 and September 1 in each year, beginning March 1, 2012, by check or draft to the registered owners of the Certificates by Security Bank of Kansas City, Kansas City, Missouri (the "Trustee"). The Principal portions of Basic Rent represented by the Certificates is payable upon presentation and surrender of the Certificates at the principal corporate office of the Trustee. The Certificates mature, bear interest, and are priced according to the schedule on the inside cover page.

The Certificates are subject to redemption prior to maturity as described herein under the caption "THE CERTIFICATES-Redemption Provisions." [The Certificates are also subject to Mandatory Redemption as described herein. See "THE CERTIFICATES-Redemption Provisions" herein.]

The Certificates evidence the ownership of proportionate interest in, and rights to receive Basic Rent payments under that certain Amended and Restated Lease Purchase Agreement, dated as of January 29, 2004 (the "Original Lease"), as amended and supplemented by a First Supplemental Lease Purchase Agreement, dated as of December 15, 2011 (the "Supplemental Lease," and with the Original Lease, the "Lease Purchase Agreement" or the "Lease"), entered into between the Trustee, as lessor, acting as fiduciary for the owners of the Certificates, and the Cowley County Community College, Cowley County, Kansas, as Lessee (the "Lessee" and/or the "College"). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of January 29, 2004 (the "Original Indenture") as amended and supplemented by a First Supplemental Declaration of trust, dated as of December 15, 2011 (the "Supplemental Indenture" and, with the Original Indenture, the "Indenture"), by the Trustee. The net proceeds from the sale of the Certificates will be used to redeem the College's outstanding Certificates of Participation, Series A, 2004 and Refunding Certificates of Participation, Series B, 2004 (jointly, the "Refunded Certificates"), as more fully described under the caption "THE REFUNDING PLAN".

NEITHER THE CERTIFICATES NOR THE LEASE PURCHASE AGREEMENT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COLLEGE OR THE STATE OF KANSAS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR PROVISION. THE COLLEGE'S OBLIGATION UNDER THE LEASE IS NOT SUBJECT TO ANNUAL APPROPRIATION UNDER THE KANSAS CASH BASIS LAW AND K.S.A. 71-201. Upon termination of the Lease Purchase Agreement, the Certificates will be payable solely from the monies, if any, held by the Trustee under the Indenture, and any amount resulting from the reletting or other disposition of the Project. See "CERTIFICATES-Source and Security for Payments" and "RISK FACTORS" herein. This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Preliminary Official Statement of obtain information essential to the making of an informed investment decision.

The Certificates are offered when, as and if issued and delivered to the Underwriter, subject to delivery of an approving opinion by Gilmore & Bell, P.C., Wichita, Kansas, Special Tax Counsel, and certain other condition. It is expected that the Certificates will be available for delivery in Wichita, Kansas, on or about December 15, 2011.



The date of this Preliminary Official Statement is October 18, 2011.

* Subject to change.

\$2,080,000*
COWLEY COUNTY COMMUNITY COLLEGE
COWLEY COUNTY, KANSAS
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES B, 2011
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Security Bank of Kansas City, Kansas City, Missouri, As Trustee

MATURITY SCHEDULE*

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>RATE</u>	<u>YIELD</u>	<u>CUSIP</u> <u>Base:</u>
3/01/2012	\$215,000			
3/01/2013	300,000			
3/01/2014	300,000			
3/01/2015	310,000			
3/01/2016	310,000			
3/01/2017	320,000			
3/01/2018	325,000			

(Plus accrued interest)

* Subject to change.

\$2,080,000*
COWLEY COUNTY COMMUNITY COLLEGE
COWLEY COUNTY, KANSAS
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES B, 2011
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

125 S. Second
Arkansas City, Kansas 67005
(316) 442-0430

BOARD OF TRUSTEES

Albert Bacastow Jr.	Chairperson
Ron Godsey	Vice-Chairperson
Donna Avery	Trustee
Mark Paton	Trustee
Jim Ramirez	Trustee
Dennis Shurtz	Trustee

ADMINISTRATIVE OFFICERS

Dr. Pat McAtee	President
Tony Crouch	Executive Vice President of Business Services
Slade Griffiths	Vice President of Academic Affairs
Ben Schears	Vice President of Institutional Advancement
Charles McKown	Vice President of Research and Technology
Sue Saia	Vice President of Student Affairs
Tom Saia	Director of Athletics

SPECIAL COUNSEL

Gilmore & Bell, P.C.
Wichita, Kansas

TRUSTEE

Security Bank of Kansas City.
Kansas City, Missouri

FINANCIAL ADVISOR

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

UNDERWRITER

Country Club Bank
Prairie Village, Kansas

THE SERIES B, 2011 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE CERTIFICATES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COLLEGE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY A FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

No dealer, salesman or other person has been authorized to give any information or to make any representation, other than the information contained in this Preliminary Official Statement, in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorized by the College, or the Underwriter. The information in the Preliminary Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the College or others since the date thereof. This Preliminary Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the College and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The delivery of the Preliminary Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE CERTIFICATES	2
THE DEPOSITORY TRUST COMPANY	3
CONTINUING DISCLOSURE.....	5
SOURCES AND USES OF FUNDS	5
RISK FACTORS AND INVESTMENT CONSIDERATIONS	5
THE REFUNDING PLAN	7
GENERAL INFORMATION CONCERNING THE COLLEGE	7
FINANCIAL OVERVIEW.....	11
DEBT STRUCTURE OF THE COLLEGE.....	11
FINANCIAL INFORMATION CONCERNING THE COLLEGE	12
GENERAL INFORMATION REGARDING COWLEY COUNTY	14
REGIONAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING COWLEY COUNTY	14
RATINGS	16
ABSENCE OF LITIGATION	16
LEGAL MATTERS.....	16
TAX MATTERS.....	17
FINANCIAL ADVISOR	18
UNDERWRITING	18
TRUSTEE	18
MISCELLANEOUS	18
AUTHORIZATION OF PRELIMINARY OFFICIAL STATEMENT.....	19
Appendix A: AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010	A-1
Appendix B: DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS	B-1

\$2,080,000*
COWLEY COUNTY COMMUNITY COLLEGE
COWLEY COUNTY, KANSAS
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES B, 2011
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

INTRODUCTION

This Preliminary Official Statement, including its cover page and Appendices, is furnished in connection with the offering and sale of \$2,080,000* aggregated principal amount of Refunding Certificates of Participation, Series B, 2011 (the "Certificates"), evidencing ownership of proportionate interest in, and rights to receive certain payments under that certain Amended and Restated Lease Purchase Agreement, dated January 29, 2004 (the "Original Lease"), as amended and supplemented by a First Supplemental Lease Purchase agreement, dated as of December 15, 2011 (the "First Supplemental Lease," and, with the Original Lease, the "Lease Purchase Agreement" or the "Lease"), entered into between Security Bank of Kansas City, Kansas City, Missouri (the "Trustee"), as lessor acting as fiduciary for the owners of the Certificates, and Cowley County Community College, and Lessee (the "Lessee," "College" or the "College"). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of January 29, 2004 (the "Original Indenture"), as amended and supplemented by a First Supplemental Declaration of Trust, dated as of December 15, 2011 (the "First Supplemental Indenture," and, with the Original Indenture, the "Indenture"), by the Trustee. The net proceeds from the sale of the Certificates will be used to redeem the College's outstanding Certificates of Participation, Series A, 2004 and Refunding Certificates of Participation, Series B, 2004 (jointly, the "Refunded Certificates"), as more fully described under the caption "THE REFUNDING PLAN", and to pay costs of issuance of the Certificates.

Pursuant to the terms and conditions of the Lease Purchase Agreement and the Indenture, the Trustee and the College have agreed that the Trustee will finance with the funds from the College and from proceeds of the sale of the Certificates, the refunding of the Refunded Certificates. The proceeds of the Refunded Certificates were used to provide the funds for a portion of the cost of acquiring, installing, and equipping of a student services center and gymnasium, and to refinance a portion of the costs of acquiring, installing and equipping of an arts, sciences and technology building and an auditorium on the campus of the College (the "Improvements"). In the event the proceeds from the sale of the Certificates and any earnings from the investments thereof are insufficient to pay the entire costs of refunding the Refunded Certificates and the costs of issuing the Certificates, the College has covenanted and agreed that it will pay all such additional costs.

The College and the Trustee are parties to a Site Lease, dated as of January 29, 2004 (the "Site Lease"), pursuant to which the College leases certain real property to the Trustee (the "Real Property") for a term extending to March 1, 2023. The Improvements are located on the Real Property. The Real Property and Improvements (jointly, the "Project,") are leased to the College by the Trustee under the Lease Purchase Agreement.

The Certificates are payable, except to the extent payable from the proceeds of the Certificates (and income from the investment thereof), solely from Basic Rent Payments to be paid by the College under the Lease Purchase Agreement; to the extent received by the Trustee, Net Proceeds of certain insurance policies and condemnation awards or proceeds from the liquidation of interest or enforcement of claims in connection with the Project. NEITHER THE CERTIFICATES NOR THE LEASE PURCHASE AGREEMENT GIVE RISE TO A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COLLEGE, THE STATE OF KANSAS, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR PROVISION. THE OBLIGATION OF THE COLLEGE TO PAY BASIC RENT PAYMENTS CONSTITUTES AN OBLIGATION FOR WHICH THE COLLEGE HAS OBLIGATED ITSELF TO LEVY TAXATION, IF NECESSARY, AND IS NOT SUBJECT TO ANNUAL APPROPRIATION. The Lease Term of the Lease Purchase Agreement ends on June 30, 2018. The College is authorized by K.S.A. 71-201 *et seq.* to enter into lease purchase agreements for a term not exceeding 10 years and such leases are not subject to the Kansas Cash Basis Law, nor are they subject to non-appropriation. The Lease Purchase Agreement is, however, subject to change or termination at any time by action of the Kansas Legislature (see "RISK FACTORS"). Upon termination of the Lease Purchase Agreement prior to the end of its term, the Certificates will be payable solely from the proceeds of the reletting by the Trustee of the Project, or the sale or assignment of its interest therein, together with certain monies, if any, held by the Trustee under the Indenture, and any monies available therefor may be less than the principal amount of the Certificates outstanding and interest thereon. A prospective purchaser of the Certificates described herein should be aware that there are certain risks associated with the Certificates which must be recognized. Reference is made to the discussion herein under the heading "RISK FACTORS".

The Trustee does not have any obligation to make, and will not make, any payment from the Trustee's own funds on the Certificates or pursuant to the Lease Purchase Agreement.

* Subject to change.

This Preliminary Official Statement contains a description of the Certificates, the Lease Purchase Agreement and the Indenture. Reference is made to the discussion herein under the heading "APPENDIX B--DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS" for the definitions of certain terms used in such documents and in this Preliminary Official Statement. These descriptions do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of such documents, which documents are available at the principal offices of the College or Trustee.

THE CERTIFICATES

General

The Certificates are dated December 15, 2011, and mature on October 1 of each of the years, in the amounts and bearing interest at the rates set forth on the cover page of this Preliminary Official Statement. The Certificates are issuable in fully registered form in denominations of \$5,000 each or any integral multiple thereof in the aggregated principal amount of \$2,080,000*. Interest portions of Basic Rent payments represented by the Certificates is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2012.

The Principal Portions of and Interest Portions of Basic Rent Payments represented by the Certificates will be payable in lawful money of the United States of America by check or draft of the Trustee, to the registered owners thereof whose names appear on the registration books of the Trustee as of the Fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date.

Source and Security for Payment

Each Certificate evidences ownership of a proportionate interest in, and right to receive certain payments under, the Lease Purchase Agreement. The Trustee is acting in a fiduciary capacity as both Lessor (under the Lease Purchase Agreement) and Trustee (under the Indenture). The Trustee agrees to hold and exercise its rights to receive Basic Rent Payments and other monies under the Lease Purchase Agreement in trust solely for the benefit of the Certificate Owners.

The payments due on the Certificates are to be made by the Trustee from the Basic Rent Payments paid to it by the College pursuant to the Lease Purchase Agreement, from the proceeds of the sale of the Certificates (including that amount collected as accrued interest), and from certain investment proceeds earned from the investment of monies being held in the various trust funds, as hereinafter described.

The College has covenanted and agreed in the Lease Purchase Agreement to budget and appropriate in each budget year monies sufficient to satisfy and discharge the College's obligations under the Lease Purchase Agreement, subject to the College's right to terminate the Lease Purchase Agreement in accordance with its terms. The College's obligations under the Lease are not subject to annual appropriation under the Kansas Cash Basis Law and K.S.A. 71-201.

The College is obligated for the term of the Lease Purchase Agreement to cause insurance to be maintained with respect to the Equipment as more fully described under "APPENDIX B--DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS--SUMMARY OF THE LEASE--Insurance".

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

Book-Entry Certificates: Securities Depository

The Certificates 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 Certificates, except in the event the Trustee issues Replacement Certificates. It is anticipated that during the term of the Certificates, 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 Certificates to the Participants until and unless the Trustee authenticates and delivers Replacement Certificates to the Beneficial Owners as described in the following paragraphs.

- (a) If the College 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 Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Certificates; or

* Subject to change.

(b) If the Trustee receives written notice from Participants having interest in not less than 50% of the Certificates 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 Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Certificates, then the Trustee shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Certificates 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 College, with the consent of the Trustee, 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 Certificate. Upon the issuance of Replacement Certificates, 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 Trustee, to the extent applicable with respect to such Replacement Certificates. If the Securities Depository resigns and the College, the Trustee or Owners are unable to locate a qualified successor of the Securities Depository, then the Trustee shall authenticate and cause delivery of Replacement Certificates to Owners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Certificates. The cost of printing, registration, authentication, and delivery of Replacement Certificates shall be paid for by the College.

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 College may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee 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 Trustee upon its receipt of a Certificate or Certificates for cancellation shall cause the delivery of the Certificates to the successor Securities Depository in appropriate denominations and form as provided in the Indenture.

Prepayment Provision

Optional Prepayment. The Certificates maturing on March 1, 2017, and thereafter shall be subject to optional prepayment, as a whole or in part on March 1, 2016, or any date thereafter, at the prepayment price of the Principal Portion of Basic Rent being prepaid, plus Interest Portion of Basic Rent accrued to the prepayment date.

Notice or Prepayment

When prepayment is authorized or required, the Trustee will give the Owner notice of the prepayment of the Certificates. Such notice will specify: (a) that the whole or a designated portion of the Certificates is to be prepaid, (b) the date of prepayment, (c) the place or places where the prepayment will be made, and (d) the prepayment price. Such notice will further state that on the specified prepayment date interest thereon will cease to accrue and be payable.

Each notice of prepayment will be mailed to the respective Owners of any Certificates designated for prepayment at their address appearing on the Certificate Register, at least thirty (30) days not more than sixty (60) days prior to the prepayment date, which notice will set forth the above information.

For so long as the Securities Depository is effecting book-entry transfers of the Certificates, the Trustee 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 Certificate (having been mailed notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Certificate so affected, shall not affect the validity of the prepayment of such Certificate.

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company ("DTC", New York, New York, will act as securities depository for the Certificates. The Certificates 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 each scheduled maturity of the Certificates, and will be deposited with DTC.

2. 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 a Standard & Poor's rating of AA+." 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.

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates 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.

5. 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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.

6. Redemption notices shall be sent to DTC. If less than all of the Certificates 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the College 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Certificates 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 College or Paying Agent, on the payment 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 College, 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 College 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.

9. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the College 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.

10. The College 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 and delivered to DTC.

11. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that College believes to be reliable, but the College takes no responsibility for the accuracy thereof.

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 Lease Purchase Agreement, the College has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same to certain repositories and the Municipal Securities Rulemaking Board, as applicable. This covenant is for the benefit of and is enforceable by the owners of the Certificates. The College has complied with all previous undertakings under the Rule, which have been limited undertakings that required provision of information only upon request. For more information regarding the College’s continuing disclosure undertaking, see “APPENDIX B--DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS – CONTINUING DISCLOSURE INSTRUCTIONS.”

SOURCES AND USES OF FUNDS

It is contemplated that funds used in the transaction financed with the proceeds of the Certificates will be derived and applied approximately as follows:

Sources of Funds

Certificate Proceeds*	\$2,080,000.00
Reserve Fund	
College Funds	
TOTAL SOURCES OF FUNDS	<u><u>\$</u></u>

Uses of Funds:

Redemption Fund	
Underwriter’s Discount	
Cost of Issuance	
TOTAL FUNDS APPLIED	<u><u>\$</u></u>

* Subject to change.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

THERE ARE CERTAIN RISKS ASSOCIATED WITH THE CERTIFICATES WHICH MUST BE RECOGNIZED. EACH PROSPECTIVE INVESTOR IN THE CERTIFICATES IS ENCOURAGED TO READ THIS PRELIMINARY OFFICIAL STATEMENT IN ITS ENTIRETY. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE MARKET PRICE AND PAYMENT OF THE CERTIFICATES TO AN EXTENT THAT CANNOT BE DETERMINED:

Security for the Certificates. Neither the Certificates nor the interest thereon constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by the State of Kansas or any governmental subdivision, agency or instrumentality. The Certificates and the interest thereon are payable solely and only from the sources identified pursuant to the Indenture, including the revenues received by the Trustee from the Basic Rent Payments paid during the term of the Lease Purchase Agreement together with monies attributable to Certificate proceeds and the investment thereof and, under circumstances, the proceeds of subletting, sale of property, insurance or condemnation awards received pursuant to the Indenture and not from any other fund or source. The obligations of the College under the Lease, however, are not subject to annual appropriation under the Kansas Cash Basis Law and K.S.A. 71-201. As such, the obligation of the College to make Basic Rent Payments under the Lease is a special, limited obligation for which the College can, if necessary, levy ad valorem taxation.

Termination of Lease Purchase Agreement. The Lease Purchase Agreement is subject to change or termination at any time by action of the Kansas Legislature. The Lease Purchase Agreement may also be terminated by reason of the occurrence of an Event of Default as defined in the Lease Purchase Agreement. See “APPENDIX B--DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS-SUMMARY OF THE LEASE - Events of Default.”

Results of a Termination of the Lease Purchase Agreement. The termination of the Lease Purchase Agreement caused by action of the Kansas Legislature or default by the College will relieve the College from any further obligation under the Lease Purchase Agreement. In the Event of Default, the College may remain liable for certain deficiencies in the payment of amounts due under the Lease Purchase Agreement. Upon termination the College is required to surrender possession of the Project to the Trustee. Thereafter, the Trustee may enforce its interest in the Project subject to the Lease by either reletting or disposing of its interest. See "APPENDIX B--DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS – SUMMARY OF THE LEASE – Events of Default" for a discussion of the results of a default. The Proceeds therefrom along with other monies then held by the Trustee under its Indenture (with certain exceptions as provided in the Lease Purchase Agreement and the Indenture) are required to be used to redeem the Certificates. See "THE CERTIFICATES-Redemption Provisions."

Special Tax Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease. If the Lease is terminated, there is no assurance that the Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

In addition, Special Tax Counsel has rendered no opinion as the treatment for federal income tax purpose of any monies received by an Owner of the Certificates subsequent to a termination of the Lease. There is no assurance that any monies received by the holders of the Certificates subsequent to such event will be excludable from federal income taxation.

Taxation of Interest

An opinion of Special Tax Counsel will be obtained to the effect that Interest Portion of Basic Rent Payments represented by the Certificates 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 Portion of Basic Rent Payments represented by the Certificates includable in gross income for federal income tax purposes.

The College has covenanted in the Lease and in other documents and certificates to be delivered in connection with the issuance of the Certificates to comply with the provisions of the Code, including those which require the College to take or omit to take certain actions after the issuance of the Certificates. Because the existence and continuation of the excludability of the Interest Portion of Basic Rent Payments represented by the Certificates depends upon events occurring after the date of issuance of the Certificates, the opinion of Special Tax Counsel described under "TAX MATTERS" assumes the compliance by the College with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Special Tax Counsel with respect to the excludability of the Interest Portion of Basic Rent Payments represented by the Certificates in the event of noncompliance with such provisions. The failure of the College to comply with the provisions described above may cause the Interest Portion of Basic Rent Payments represented by the Certificates to become includable in gross income as of the date of issuance of the Certificates.

Limited Value of the Project. Since the Project consists of facilities designed for use by the College, the value of the Project to anyone other than the College may be limited in the event of default or the termination of the Lease Purchase Agreement. The Project has been designed and constructed for special use purposes and therefore the number of entities that could be expected to use the Project is limited. A POTENTIAL PURCHASER OF THE CERTIFICATES SHOULD NOT ASSUME THAT IT WILL BE POSSIBLE TO RELET THE PROJECT OR SELL THE TRUSTEE'S INTEREST IN THE PROJECT AFTER A TERMINATION OF THE LEASE PURCHASE AGREEMENT.

Premium on Bonds [The initial offering prices of certain maturities of the Certificates that are subject to optional redemption are in excess of the respective principal amounts thereof.]Any person who purchases a Certificate in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Certificates are subject to redemption at par under the various circumstances described herein.

No Additional Interest or Mandatory Redemption upon Event of Taxability The Indenture and Lease do not provide for the payment of additional interest or penalty on the Certificates or the mandatory redemption thereof if the Interest Portion of Basic Rent Payments represented by the Certificates becomes includable in gross income for federal income tax purposes. Likewise, the Indenture and Lease do not provide for the payment of any additional interest or penalty on the Certificates if the Interest Portion of Basic Rent Payments represented by the Certificates becomes includable in gross income for Kansas income tax purposes.

Suitability of Investment The tax exempt feature of the Certificates 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 Certificates are an appropriate investment.

Market of the Certificates. The Certificates have not received any credit rating by any recognized rating agency. The absence of any such rating, as well as other market factors, could adversely affect the ability of holder to sell the Certificates or the price at which the Certificates can be sold. Although the Underwriters for the Certificates intend to maintain a secondary market for the Certificates, they are under no obligation to do so.

Environmental Hazards. The College has covenanted in the Lease Purchase Agreement to comply with all applicable environmental laws. The College has not obtained an environmental assessment report for the Project, but the College has concluded that probably no condition exists which, under present environmental laws, required any present remedial action. The College's operation of the Project does not involve any unusual environmental hazards.

THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE CERTIFICATES. PROSPECTIVE PURCHASERS OF THE CERTIFICATES SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS PRELIMINARY 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 COLLEGE OR THE TRUSTEE.

THE REFUNDING PLAN

The Series A, 2004 Certificates

As of December 15, 2011, \$2,010,000 in principal amount remains outstanding. A total of \$2,010,000 in principal amount maturing on and after December 15, 2011 will be redeemed at a price of 100% per the following schedule:

<u>Amount</u>	<u>Maturity Date</u>	<u>Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
\$250,000	March 1, 2012	3.500%	December 15, 2011	100%
\$265,000	March 1, 2013	3.500%	December 15, 2011	100%
\$275,000	March 1, 2014	3.500%	December 15, 2011	100%
\$285,000	March 1, 2015	3.500%	December 15, 2011	100%
\$300,000	March 1, 2016	3.500%	December 15, 2011	100%
\$310,000	March 1, 2017	3.500%	December 15, 2011	100%
\$325,000	March 1, 2018	3.500%	December 15, 2011	100%

GENERAL INFORMATION CONCERNING THE COLLEGE

Location

The main campus of Cowley County Community College (the “College”) is located at 125 S. Second in Arkansas City, Kansas, in the southwest part of Cowley County, Kansas. The Cowley County Community College District (the “District”) is contiguous with the boundaries of Cowley County and includes all of the county, the cities of Arkansas City, Winfield and other cities located within Cowley County. The population of the City of Arkansas City, Kansas is estimated to be 11,070 and the population of Cowley County is estimated to be 34,065.

The City of Arkansas City is located in south-central Kansas at the confluence of the Arkansas and Walnut Rivers, approximately 45 minutes south of Wichita. It is easily reached via Interstate 35, Highway 166 and Highway 77.

History and General Information

The College was originally established in 1922 as Arkansas City Junior College, operating under the jurisdiction of the Board of Education of the Arkansas City Public Schools. The College shared facilities with the Arkansas City High School until 1952, at which time a new building was constructed to accommodate the College instructional program. Until July 1, 1965, the College continued to operate as a unit of the Arkansas City Public Schools, at which time the College, pursuant to a law enacted in 1965 by the Kansas State Legislature, became a county community junior college. On July 1, 1966, the official name of the College became the Cowley County Community Junior College. On July 1, 1967, a separate Board of Trustees, elected at large by the citizens of the County, assumed full control of the operation of the College and the Area Vocational Technical School. On July 1, 1980, the designation of “Junior” was officially removed by State statutes and regulations.

The curriculum and the number of students have gradually expanded through the years from approximately 60 students enrolled in a limited liberal arts program in 1922 to nearly 4,000 students currently enrolled for a variety of general occupational and continuing education programs.

The College operates outreach centers in Mulvane, and Winfield. Courses are also offered through area high schools, including Argonia, Belle Plaine, Caldwell, Cedar Vale, Central of Burden, Conway Springs, Dexter, Oxford, South Haven, Wellington and Udall, as well as the Wichita Area Technical College. The College also has two enrollment service centers in Wichita.

The College is operated by the Board of Trustees (the “Board”) consisting of six members, elected for staggered terms of four years and serving without compensation. The Chairperson is elected by the Board from among its members for a term of one year and has no regular administrative duties. The following table sets forth the names and principal occupations of the current members of the Board:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Albert Bacastow Jr.	Chairperson	2013
Ron Godsey	Vice-Chairperson	2015
Donna Avery	Trustee	2013
Mark Paton	Trustee	2015
Jim Ramirez	Trustee	2015
Dennis Shurtz	Trustee	2013
David Andreas	Board Attorney	N/A

The Board appoints the President, who is the chief executive officer of the College. The current President is Dr. Patrick McAtee, who was appointed President in 1987.

Other principal staff members and their current positions are as follows:

Tony Crouch	Executive Vice President of Business Services
Slade Griffiths	Vice President of Academic Affairs
Ben Schears	Vice President of Institutional Advancement
Charles McKown	Vice President of Research and Technology
Sue Saia	Vice President of Student Affairs
Tom Saia	Director of Athletics

Accreditation of the College

The College is fully accredited by the North Central Association of Colleges and Secondary Schools and the Kansas State Board of Education. Accreditation has been awarded through 2017. The College is a member of the American Association of Community Colleges, the Council of North Central Junior Colleges and the Kansas Association of Community College Trustees.

College Facilities

The College's main campus contains eighteen buildings on thirteen acres in Cowley County, Kansas. The main facilities of the College are described in the following paragraphs.

Galle-Johnson Hall houses the Natural Science/Mathematics department, student services (including registration, billing, financial aid, admissions, assessment and advisement), administrative offices, an Internet lab for student use, the journalism and computer graphics arts programs, the volunteer program, and the Little Theatre.

The Kerr Center is adjacent to Galle-Johnson Hall and is home to art and journalism.

The Walker Industrial Technology Building houses the Mechatronics, Non-Destructive Testing, Machine Tool Technology, Automotive Technology and Welding programs.

Ireland Hall houses the Cosmetology and Criminal Justice programs

The Gwen and Lu Nelson Student Center features a student lounge, Henrietta Courtright Conference rooms, and offices for Health Services, Student Senate , and Student Life Counseling.

W.S. Scott Auditorium is home to Cowley’s Tiger athletics, including Men’s and Women’s Basketball, Volleyball, Danceline and Spirit Squads along with the coach’s offices, athletic administration, and athletic training. Intramural sports and health and physical education courses are located in the Recreation Building.

The Wellness Center has a walking track, stationary weight, aerobic exercise stations, and free weights for use by students, staff and community residents.

The Brown Center for Arts, Sciences and Technology houses seven classrooms, a multi-purpose room, two interactive television classrooms, and music classrooms and labs, an art gallery, and a 780-seat theater.

Renn Memorial Library houses more than 26,000 volumes and a wide range of research options. The library houses daily newspapers, scientific journals, documents, popular and professional periodicals, and microfilm supplement bound volumes with current materials. Also located within the Library are a special room for the Kansas Collection.

Six dorms consisting of the D. Robert Storbeck Dorm, the Kirke W. Dale Dorm, the Oscar Kimmell Dorm, the Lodge, the Central Avenue Dorm and the William R. Docking Dorm provide quality affordable housing for approximately 482 students.

The Bookstore is located adjacent to the Wellness Center and includes a reading area.

The Patrick J. McAtee Dining Center is the site of the Board of Trustees meetings and provides dining space for 300+ students at any given time.

Webb-Brown Academic Center is the newest building on campus and houses the business and computer classrooms along with general purpose classrooms.

The College also has a second complex in Arkansas City of approximately eighteen acres. In this complex are located the Tiger Ballpark, Cowley College Track and Field Complex and the Travis Hafner Training Center currently nearing completion.

Historical Record of Enrollment and Credit Hours (Fall Enrollment)

<i>School Year</i>	<i>Aviation Tech Center</i>	<i>Cowley County Campus</i>	<i>Mulvane Center</i>	<i>Southside Education Center - Wichita</i>	<i>Online</i>	<i>Wellington Center</i>	<i>Winfield Center</i>	<i>Total FTE Enrollment</i>	<i>Credit Hours</i>
2011-12	0	1,132	539	8	1,189	0	59	3,028	45,420*
2010-11	0	1,108	660	11	1,319	0	76	3,282	98,471
2009-10	0	1,122	651	25	1,078	0	73	3,033	90,990
2008-09	0	1,009	545	115	782	0	90	2,641	79,230
2007-08	239	958	285	1,003	662	0	78	3,309	99,270

* Fall Semester Only

The College has students from 49 Kansas counties, 14 states, and 16 foreign countries.

The College provides a variety of financial aid for students in the form of scholarships, grants, loans and part-time employment. Approximately 52% of the College's students enrolled in six credit hours or more annually receive some type of financial aid from Federal, State, College and private sources.

Curriculum Description

The College's degree programs are designed for students who plan to transfer to a four-year college or university to complete a bachelor's degree, for students who plan to enter the job market immediately after completing the programs and for students who wish to continue their education on a short-term basis. The College offers two-year curricula leading to the Associate of Arts, Associate of Science, Associate of Applied Science and Associate of General Studies Degrees. The minimum requirements for each degree include completion of 64 semester hours. The College offers courses in the following areas:

Associate Of Arts

Accounting (AA)
Art (AA)
Business Administration (AA)
Corrections (AA)
Criminal Justice (AA)
Early Childhood Education (AA)
Education/Elementary (AA)
Education/Secondary (AA)
English (AA)
Family Consumer Sciences (AA)
Health, Physical Education & Recreation (AA)
History (AA)
Hotel/Restaurant Management (AA)
Industrial Arts Education (AA)
Journalism (AA)
Law/Pre (AA)
Liberal Arts (AA)
Music (AA)
Political Science (AA)
Psychology (AA)
Religion (AA)
Social Work (AA)
Sociology (AA)
Sports Medicine (AA)
Theatre (AA)

Associate Of Science

Agriculture (AS)
Biology (AS)
Chemistry (AS)
Chiropractic/Pre (AS)
Computer Science (AS)
Dentistry/Pre (AS)
Engineering/Pre (AS)
Mathematics (AS)
Medicine/Pre (AS)
Mortuary Science/Pre (AS)
Nursing/Pre (AS)
Pharmacy/Pre (AS)
Physical Therapy/Pre (AS)
Physics/Pre (AS)
Veterinary Medicine/Pre (AS)

Associate Of Applied Science

Accounting Clerk (AAS)
Agriculture & Agri-Business Technology (AAS)
Automotive & Service Technology (AAS)
Business Management (AAS)
Child Care & Guidance (AAS)
Computer Graphics Technology (AAS)
Cosmetology (AAS)
Criminal Justice (AAS)
Engineering Technician (AAS)
Industrial Trade & Supervision Management (AAS)
Industrial Trade (AAS)
Machine & Tool Technology (AAS)
Manufacturing Technician (AAS)
EMS/Mobile Intensive Care Technician (AAS)
Non-Destructive Testing (AAS)
Quality Improvement Process (AAS)
Research & Development Technician (AAS)
Welding Technology (AAS)
Word Processing Specialist (AAS)

Associate Of General Studies

Recreational Leadership (AGS)
Architecture/Pre (Transfer to KU)
Architecture/Pre (Transfer to KSU)

Certificate

Automotive & Service Technology (C)
Clerk-Typist (C)
Cosmetology (C)
Criminal Justice (C)
Drafting Technology (C)
Machine & Tool Technology - 1 Year (C)
Machine & Tool Technology - 2 Year (C)
Medical Secretary (C)
EMS/Mobile Intensive Care Technician (C)
Welding Technology (C)

Faculty/Employees

The College employs 45 full-time faculty members, 7 people in administrative positions, 123 in support staff positions, and 228 adjunct faculty members. Educational levels of employees range from Doctoral Degrees to those completing studies at an institution of higher learning. Fifty-six percent of the full-time employees hold a Bachelor Degree or higher. The College has never experienced a strike or work slow-down. Employee relations are characterized as good.

Other Educational Facilities

Unified School District No. 462 is headquartered in Burden and has a full-time equivalent enrollment of 336.5 and operates one elementary school and one junior/senior high school.

Unified School District No. 463 is headquartered in Udall and has a full-time equivalent enrollment of 389.7 and operates one elementary school and one junior/senior high school.

Unified School District No. 465 is headquartered in Winfield and has a full-time equivalent enrollment of 2,411.7 and operates seven elementary schools, one middle school, one senior high school, and two alternative attendance centers.

Unified School District No. 470 is headquartered in Arkansas City and has a full-time equivalent enrollment of 2,665.8 and operates six elementary schools, one junior high/middle school and one senior high school.

Unified School District No. 471 is headquartered in Dexter and has a full-time equivalent enrollment of 173.0 and operates one elementary school and one senior high school.

The following three community colleges are also located in south-central Kansas:

<u>Name</u>	<u>Location</u>	<u>Distance from College (in Miles)</u>	<u>Estimated Enrollment (FTE)</u>
Butler County Community College	El Dorado	60	5,461
Hutchinson Community College	Hutchinson	110	3,194
Pratt Community College	Pratt	135	1,053

Wichita State University, a four-year state University with an enrollment of approximately 14,000, is located in Wichita, which is 50 miles north of Cowley County.

Southwestern University, a four-year private college with a residential enrollment of 550, is located in Winfield, approximately 10 miles north of Arkansas City.

FINANCIAL OVERVIEW
Cowley County Community College
Cowley County, Kansas

Assessed Valuation (1)	\$243,035,753
Direct General Obligation Bonded Debt	\$0
Population of the County	33,778
Direct General Obligation Debt Per Capita	\$0
Ratio of Direct General Obligation Debt to Assessed Valuation	0%
Outstanding Lease Obligations (2)	\$5,205,000
Outstanding Revenue Bonds	\$6,465,000
Underlying General Obligation Debt (3)	\$91,449,129
Direct and Underlying General Obligation Debt	\$91,449,129
Direct and Underlying General Obligation Debt Per Capita	\$2,707
Ratio of Direct and Underlying G.O. Debt to Assessed Valuation	37.63%

- (1) Real property, personal property, and state assessed utility valuations were certified as of November 1, 2010 by the Cowley County Clerk's Office and used in calculating the College's 2010 mill levy.
- (2) Includes the Certificates.
- (3) For a more detailed explanation of the underlying debt of the other jurisdictions see "DEBT STRUCTURE – Underlying Debt."

DEBT STRUCTURE OF THE COLLEGE

General Obligation Indebtedness of the College

As of December 15, 2011 none is outstanding.

Capital Lease Obligations and Certificates of Participation

The following table sets forth as of December 15, 2011 all of the outstanding lease obligations of the College including Certificates of Participation:

<u>Series</u>	<u>Description of Indebtedness</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
A, 2004*	Certificates of Participation	\$3,550,000	\$ 0
B, 2004*	Ref. Certificates of Participation	1,930,000	0
2008	Ref. Certificates of Participation	856,000	465,000
2011	Certificates of Participation	2,660,000	2,660,000
B, 2011**	Ref. Certificates of Participation	2,080,000	<u>2,080,000</u>
Total			\$5,205,000

* Issue being refunded by the Certificates.

** This issue.

Revenue Bonds

<u>Series</u>	<u>Description of Indebtedness</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2004	Dorm Sys Ref Rev Bonds	\$4,335,000	\$2,230,000
2007	Dorm Sys Rev Bonds	4,825,000	<u>4,235,000</u>
Total			\$6,465,000

Overlapping/Underlying General Obligation Indebtedness

The College's taxing district is the same as Cowley County, Kansas, and therefore the assessed valuations for the College and Cowley County are the same and all underlying debt is 100% applicable to the County's taxing district. Set forth below is an estimated summary of all governmental entities in Cowley County with an estimated outstanding general obligation debt as of December 15, 2011.

<u>Jurisdiction</u>	<u>2010 Assessed Valuation</u>	<u>G.O. Debt Outstanding</u>
City of Arkansas City	\$46,456,376	\$ 6,790,000
City of Burden	1,327,284	213,172
City of Dexter	657,831	348,457
City of Udall	3,469,176	165,000
City of Winfield	62,253,619	17,820,000
U.S.D. No. 462	10,212,045	2,720,000
U.S.D. No. 463	15,099,820	795,000
U.S.D. No. 465	95,016,872	19,710,000
U.S.D. No. 470	77,035,826	36,525,000
U.S.D. No. 471	6,108,888	0
Lakewynds Drainage District	858,546	22,500
Cowley County	209,114,046	<u>6,340,000</u>
Total		\$91,449,129

Several cities and water districts have issued utility revenue bonds which are paid from receipt of the utility service being sold. Several cities have also issued industrial revenue bonds which are paid by the industry for which the bonds are issued. Revenue bonds are not considered a general obligation indebtedness under Kansas law and are not included in the total stated herein for underlying indebtedness.

Source: County Clerk

FINANCIAL INFORMATION CONCERNING THE COLLEGE

Community colleges in the State of Kansas finance their operations through student tuition, a property tax levy and substantial State aid. Under K.S.A. 71-601 *et seq.*, the community college state funding is on the basis of an annual operating grant equal to 65% of the average amount of moneys from the state general fund expended per FTE (full time equivalent) lower division undergraduate student in the preceding fiscal year at the regional state educational institutions, multiplied by the total number of all FTE students at all community colleges. The total operating grant is then allocated to each community college according to the ratio the amount of the operating grant received by a community college in the prior fiscal year bears to the total amount of operating grants received by all community college in the prior fiscal year, subject to adjustments for changes in each community college's FTE enrollment from the prior fiscal year. Each community college is also eligible to receive an annual quality performance grant from the state general fund, if the community college demonstrates effectiveness in complying with its role and mission statement and has met or exceeded state board approved core indicators

of quality performance. The quality performance grant is 2% of the amount of the state operating grant the community college received in the prior fiscal year.

In its current fiscal year, the College funded its operations as follows: 34.01% from state grants, 30.44% from student tuition, fees and charges and 25.22% from property tax levies. Notwithstanding the amount of any state grants, the College may budget and expend, and fund in whole or in part from local sources, any operating expense amount determined by the College Board of Trustees to be necessary.

Accounting, Budgeting and Auditing Procedures

The College follows an accrual basis of accounting for all tax supported funds of the College, including the General Fund.

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 cash basis of accounting, modified further by the recording of accounts payable and encumbrances. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget list estimated receipts by funds and source and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the College prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted prior to August 25 of each year. Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

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

The financial records of the College 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 Parman, Tanner, Soule, and Jackson, Certified Public Accountants, Arkansas City, Kansas. Copies of the audits reports for the past (5) years are on file in the Business Office and are available for review.

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

Assessed Valuation

The following chart gives the assessed valuation of the Cowley County Community College District in the years indicated:

<u>Year</u>	<u>Assessed Valuation of Tangible Taxable Property</u>	<u>Motor Vehicle Valuation*</u>	<u>Equalized Assessed Valuation</u>
2011	\$211,272,798	\$31,762,955	\$243,035,753
2010	209,114,046	31,762,955	240,877,001
2009	211,363,574	32,676,630	244,040,204
2008	213,109,315	33,810,312	246,919,627
2007	213,555,662	33,710,982	247,266,644

* Motor Vehicle Valuation is not yet available for 2011 so 2010 figure was used for estimation purposes.

Source: County Clerk

Tax Levies

The following table sets forth the tax levies of the College in the years indicated:

COWLEY COUNTY COMMUNITY COLLEGE

<u>Year</u>	<u>General</u>	<u>Vocational Education</u>	<u>Employee Benefits</u>	<u>Capital Outlay</u>	<u>Adult Education</u>	<u>Special Assessments</u>	<u>Total</u>
2012	20.013	0.000	0.000	0.000	0.000	0.000	20.013
2011	19.835	0.000	0.000	0.000	0.000	0.000	19.835
2010	20.219	0.000	0.000	0.000	0.000	0.000	20.219
2009	19.976	0.000	0.000	0.000	0.000	0.000	19.976
2008	19.932	0.000	0.000	0.000	0.000	0.000	19.932

Source: Cowley County Community College

Percentage of Taxes Collected

COWLEY COUNTY COMMUNITY COLLEGE (GENERAL FUND)

<u>Year</u>	<u>Taxes Levied</u>	<u>Collections</u>	<u>Percentage Collected</u>
2010	\$4,233,169	\$4,135,188	97.69%
2009	4,286,944	4,253,607	99.22%
2008	4,262,243	4,252,135	99.76%
2007	4,281,647	4,057,474	94.76%
2006	3,765,075	3,683,449	97.83%

Source: County Clerk

Ten Largest Taxpayers

The following table sets forth the ten largest taxpayers in the County with their total taxes levied for 2010:

<u>Taxpayer</u>	<u>Taxes Levied</u>
KG&E	\$908,028.53
Wal-Mart	872,928.34
Union Pacific	703,657.48
BNSF	534,722.36
GE	463,142.20
Osage Pipeline	457,782.46
Rubbermaid	451,571.54
Southwestern Bell	427,743.44
Winfield Economic	216,972.24
Home National Bank	172,759.30

Source: County Clerk

Employee Retirement Plans

In accordance with Kansas Statutes, Cowley County Community College employees participate in the Kansas Public Employees Retirement System (KPERs). In fiscal year 2009, eligible employees contributed 4-6% of their wages to KPERs, and their contributions are matched by a 7.97% contribution by the State of Kansas, on behalf of the College.

GENERAL INFORMATION REGARDING COWLEY COUNTY

The boundaries of the Cowley County Community College District for ad valorem property tax purposes are coterminous with the boundaries of Cowley County, Kansas.

Cowley County, Kansas (the "County") occupies approximately 1,128 square miles in south central Kansas. The county seat is located in the City of Winfield.

The economy of the County is diversified among agricultural, manufacturing, wholesale, retail and service industries.

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING COWLEY COUNTY

Cities

The eight incorporated cities in the County and the respective classes and approximate populations thereof are as follows:

<u>City</u>	<u>Class</u>	<u>Population</u>
Arkansas City	2 nd	11,070
Atlanta	3 rd	239
Burden	3 rd	529
Cambridge	3 rd	96
Dexter	3 rd	336
Geuda Springs	3 rd	191
Udall	3 rd	743
Winfield	2 nd	11,497

Transportation

The County is served by U.S. Highways 77 and 166 and nearby Interstate 35.

The Strother Field Airport in Cowley County is a modern facility capable of handling private and corporate aircraft. Regularly scheduled air service is available at Mid-Continent Airport, Wichita, Kansas and at Kansas City International Airport, Kansas City, Missouri.

Medical Facilities and Health Care

Cowley County is the site of the South Central Kansas Regional Medical Center, licensed for 85 beds. William Newton Memorial Hospital, with 40 beds, is also located in Cowley County. Several care centers for the elderly serve the County.

Population Trends

<u>Year</u>	<u>Cowley County</u>
2010	33,778
2009	33,634
2008	33,988
2007	34,139
2006	34,055

Source: Kansas Statistical Abstract

Labor Force

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

COWLEY COUNTY

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2010	18,501	17,168	1,333	7.2%
2009	18,467	17,145	1,322	7.2%
2008	18,007	17,218	789	4.4%
2007	18,134	17,431	703	3.9%
2006	18,170	17,381	789	4.3%

STATE OF KANSAS

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2010	1,502,324	1,396,560	105,764	6.6%
2009	1,508,427	1,401,611	106,816	6.6%
2008	1,488,424	1,421,111	67,313	4.4%
2007	1,477,057	1,415,944	61,113	4.4%
2006	1,468,399	1,403,938	64,461	4.4%

Source: Kansas Statistical Abstract

Agriculture

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

<u>Year</u>	<u>Total Value Of Field Crops*</u>	<u>Total Value Of Livestock/Poultry*</u>	<u>Total Value Of Cattle/Milk*</u>	<u>Total</u>
2007	\$23,126	\$43,088	N/A	\$66,214
2006	39,229	N/A	\$22,268	61,497
2005	28,580	N/A	26,328	54,908
2004	33,730	N/A	26,856	60,586
2003	34,205	N/A	27,254	61,459

* Thousands of dollars.

Source: Kansas Statistical Abstract

Retail Sales Tax Collections

The following table lists the County's state sales tax collections over a five-year period.

<u>Year</u>	<u>Sales Tax Collections</u>	<u>Per Capita Sales Tax</u>
2010	\$19,187,905	\$507.28
2009	16,873,485	504.99
2008	17,621,706	510.29
2007	17,178,629	486.96
2006	16,735,574	458.19

Source: Kansas Statistical Abstract

Financial and Banking Institutions

There are currently seven banks located in the County. During a five-year period, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2010	\$576,000
2009	541,000
2008	549,000
2007	565,000
2006	549,000

Source: Kansas Statistical Abstract

Personal Income Trends

Cowley County personal and per capita income and to the State of Kansas per capita income are listed for the years indicated, in the following table.

<u>Year</u>	<u>Cowley Co. Personal Income*</u>	<u>Cowley Co. Per Capita Income</u>	<u>State Per Capita Income</u>
2009	\$1,126,122	\$33,482	\$39,173
2008	1,140,629	33,560	40,022
2007	1,101,459	32,264	37,775
2006	1,048,688	30,794	35,772
2005	967,981	28,091	33,145

* Thousands of Dollars

Source: Kansas Statistical Abstract

RATINGS

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. assigned the rating of "A+" to the Series 2010 Bonds.

ABSENCE OF LITIGATION

At the present time there is no controversy, suit or other proceedings of any kind pending or threatened whereby any question is raised or may be raised questioning or affecting in any way the legal organization of the College or the legality of any official act shown to have been done in the Transcript of Proceedings leading up to the issuance of the Certificates, or the constitutionality or validity of the indebtedness represented by the Certificates shown to be authorized in said Transcript, or the validity of the Certificates or any of the proceedings in relation to the issuance or sale thereof, or the levying and collection of taxes to pay the principal and interest thereof.

LEGAL MATTERS

All matters relating to the sale, authorization and issuance of the Certificates are subject to the approving opinion of Gilmore & Bell, P.C., Wichita, Kansas, Special Tax Counsel. Special Tax Counsel's opinion is printed on the Certificates, and a manually signed original copy of said opinion will be delivered to the Underwriter concurrently with the delivery of the Certificates.

Special Tax Counsel has not participated in the preparation of the Preliminary Official Statement except to the extent described in the section hereof entitled "THE CERTIFICATES," "LEGAL MATTERS" and "TAX MATTERS." Special Tax Counsel has not been engaged or have they undertaken to review or verify the accuracy, completeness, or sufficiency of the factual information contained in the Preliminary Official Statement, nor have they conducted an investigation of the affairs of the College for the purpose of passing upon the accuracy or completeness thereof; and, accordingly, Special Tax Counsel expresses no opinion as to the accuracy or sufficiency of such information.

TAX MATTERS

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

Opinion of Special Tax Counsel

In the opinion of Special Tax Counsel, under the law existing as of the issue date of the Certificates:

Federal Tax Exemption. The Interest Portion of Basic Rent Payments represented by the Certificates [(including any original issue discount properly allocable to an owner thereof)] is excluded from gross income for federal income tax purposes.

Alternative Minimum Tax. The Interest Portion of Basic Rent Payments represented by the Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The Lease and Certificates 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 Portion of Basic Rent Payments represented by the Certificates.

Kansas Tax Exemption. The Interest Portion of Basic Rent Payments represented by the Certificates is exempt from income taxation by the State.

No Other Opinions. Special Tax Counsel's opinions are provided as of the date of the original issue of the Certificates, subject to the condition that the College comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Certificates in order that the Interest Portion of Basic Rent Payments represented by the Certificates be, or continue to be, excludable from gross income for federal income tax purposes. The College has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Portion of Basic Rent Payments represented by the Certificates in gross income for federal income tax purposes retroactive to the date of issuance of the Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Certificates.

Other Tax Consequences

[**Original Issue Discount.** For Federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a Certificate over its issue price. The issue price of a Certificate is the first price at which a substantial amount of the Certificates of that maturity have been sold (ignoring sales to Certificate houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Code § 1288, OID on tax-exempt Certificates accrues on a compound basis. The amount of OID that accrues to an owner of a Certificate during any accrual period generally equals: (a) the issue price of that Certificate, plus the amount of OID accrued in all prior accrual periods; multiplied by (b) the yield to maturity on that Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period); minus (c) any interest payable on that Certificate during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for Federal income tax purposes, and will increase the owner's tax basis in that Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.]

[**Original Issue Premium.** If a Certificate is issued at a price that exceeds the stated redemption price at maturity of the Certificate, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Certificate. Under Code § 171, the purchaser of that Certificate must amortize the premium over the term of the Certificate using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Certificate and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for Federal income tax purposes on sale or disposition of the Certificate prior to its maturity. Even though the owner's basis is reduced, no Federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of Certificate premium.]

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

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

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

FINANCIAL ADVISOR

Ranson Financial Consultants, L.L.C. serves as financial advisor (the "Financial Advisor") to Cowley County Community College. The Financial Advisor has participated in the preparation of this Preliminary 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 College for the purpose of passing upon the accuracy or completeness of this Preliminary Official Statement. The Financial Advisor's fee is contingent upon the actual issuance and delivery of the Certificates.

UNDERWRITING

The Underwriter has agreed to purchase all of the Certificates from the College upon the satisfaction of certain conditions as set forth in the Certificate Purchase Agreement entered into among the College and the Underwriter, and will offer the Certificates to the public initially at the offering prices stated on the inside cover page hereof. Assuming the Certificates are delivered to the Underwriter on the date anticipated and the Certificates are redelivered at the prices shown on the inside cover page of this Preliminary Official Statement, the gross underwriting spread - expense not deducted - would be ____% of the principal amount of the Certificates, computed in accordance with Rule G-31 (ii)A of the Municipal Securities Rulemaking Board. The Underwriter has further agreed that it will pay the aggregate purchase price for all of the Certificates at par plus a premium of \$_____ plus accrued interest. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) at prices other than the price stated on the inside cover hereof.

TRUSTEE

The Trustee is Security Bank of Kansas City, Kansas City, Missouri.

The Trustee is not liable for the payment of Basic Rent Payments, and the Owners have no right to look to the Trustee for any payments of the Certificates or for any other payments other than from funds held under the Indenture.

MISCELLANEOUS

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

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

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

AUTHORIZATION OF OFFICIAL STATEMENT

The preparation of this Official Statement and its distribution has been authorized by the College. This Official Statement is approved by the governing body of the College as of the date on the cover page hereof.

**COWLEY COUNTY COMMUNITY COLLEGE
COWLEY COUNTY, KANSAS**

Albert Bacastow Jr., Chairperson

[REMAINDER OF PAGE INTENTIONALLY BLANK]

\$2,080,000*
COWLEY COUNTY COMMUNITY COLLEGE
COWLEY COUNTY, KANSAS
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES B, 2011
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

Appendix A

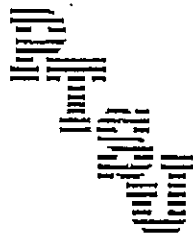
AUDITED FINANCIAL STATEMENTS

* Subject to change.

COWLEY COUNTY COMMUNITY COLLEGE

ANNUAL FINANCIAL REPORT

June 30, 2010



**Parman, Tanner,
Soule & Jackson,
CPA's, RLLP**

110 South First Street
Arkansas City, KS 67005

**COWLEY COUNTY COMMUNITY COLLEGE
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010**

TABLE OF CONTENTS

FINANCIAL SECTION	<u>Page</u>
Independent Auditors Report	1
Management's Discussion and Analysis	2 - 2d
Basic Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4 - 5
Balance Sheet - Governmental Funds	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	7
Statement of Net Assets - Proprietary Funds	8
Statement of Revenue, Expenses and Changes in Net Assets - Proprietary Funds	9 - 10
Statement of Cash Flows - Proprietary Funds	11 - 12
Summary of Significant Accounting Policies and Notes to Financial Statements	13 - 25
Notes to the Financial Statements - Endowment Association	26 - 28
Financial Statements of Individual Funds:	
General	29 - 32
Combining Balance Sheet - Other Governmental Funds	33 - 34
Combining Statement of Revenue, Expenditures and Changes in Fund Balance - Other Governmental Funds	35 - 36
Adult Education	37 - 38
Adult Supplemental Education	39
Current Funds - Restricted:	
Combining Balance Sheet	40
Combining Statement of Revenue, Expenses and Changes in Fund Balance	41 - 42

**COWLEY COUNTY COMMUNITY COLLEGE
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010**

TABLE OF CONTENTS

Loan Funds	43
Building Funds:	
Special Assessment	44
Construction Funds	45
Dormitory Bond and Interest	46
Reserve Funds	47 - 48
Capital Outlay	49
Agency Funds	50 - 51
Proprietary Funds:	
Bookstore	52 - 53
Student Housing	54 - 55
Cosmetology	56
Athletics	57
Endowment Funds:	
Balance Sheet	58 - 61
Statement of Revenue, Expenses and Changes in Fund Balance	62 - 63
Statement of Cash Flows	64
Supplemental Schedules:	
Schedule of Cash and Investments	65
Statement of Changes in Long-Term Debt	66
Schedule of Maturity of Long-Term Debt	67 - 68



PARMAN, TANNER, SOULE & JACKSON
Certified Public Accountants, RLLP

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Partners

Elliott R. Jackson, CPA

Jon P. Parman, CPA

Independent Auditor's Report

Board of Trustees
Cowley County Community College
Arkansas City, Kansas 67005

We have audited the accompanying basic financial statements of Cowley County Community College as of and for the years ended June 30, 2010 and 2009, as listed in the Table of Contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Cowley County Community College as of June 30, 2010 and 2009, and the results of its operations and the cash flows of its proprietary funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was made for the purpose of forming an opinion of the basic financial statements taken as a whole. The individual fund financial statements and the accompanying financial information listed as supplemental schedules in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the financial statements of Cowley County Community College. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Parman Tanner Soule & Jackson
Certified Public Accountants, RLLP

November 16, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the Cowley County Community College annual financial report is provided for readers of the financial statements for the fiscal year ended June 30, 2010.

Because the College implemented a new reporting format for the 2002-2003 fiscal year, as prescribed by the Governmental Accounting Standards Board, with significant changes in content and structure, much of the information in this document is not easily comparable to years prior to 2002-03.

Overview of the Financial Statements

The basic financial statements include three components: College-wide financial statements, including the Cowley County Community College Endowment; fund financial statements; and notes to the financial statements. The statements also include required supplementary information such as budgets.

The first statement included is the Statement of Net Assets. This statement is divided into three columns: Governmental activities (funds associated directly with the primary function of the college-instruction); Business-type Activities (funds for activities that operate as a stand alone business in support of instruction, for example bookstore); and Endowment. This statement (in summary) lists the assets owned by the College, liabilities for which the College is responsible, and the net of the two. This combined statement is supported by the Balance Sheet for Governmental Funds and the Statement of Net Assets Proprietary Funds.

Of note, the College was required to implement GASB 45 during FY2009. As a result, a new liability, "Other Post-employment Benefits" was created and is shown on page 3 in the liabilities section and continues throughout the other statements. (Please see footnote 9, page 23 for a complete discussion.)

The second statement, again divided up by the three activities above, is the Statement of Activities. This statement shows direct expenditures and revenues for each activity type and a net of the two, summed on the line titled Total For College. Below this are listed the indirect revenue sources for each activity which includes all revenues from state and local sources (state operating grant and property taxes). This statement is supported by the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds and the Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds. The most definitive line to determine "profit or loss" is the Change in Net Assets line, Total 2010 Column, in this case a positive net change of \$1,774,772. Of note on this statement is the transfer of assets from Governmental Activities to Business-type Activities resulting from the construction of a new dormitory, from cash proceeds from the bonds used to finance the dorm to the physical structure of the dorm.

Comparative Financial Information

Comparative information for the current and prior years can be found in the Individual Funds statements, beginning on page 29. The General Fund Statement of Revenue, Expenditures and Changes in Fund Balance (pages 30-32) indicates a current year increase in the ending fund balance of \$787,446 compared to an increase in the ending fund balance for the previous year of \$1,424,625. While the increase for the current year is much smaller than the previous year, the actual is an improved position compared to the working budget. The working cash carry-over target for the year was a negative \$1,500,000. The increase for the current year was larger than planned from a revenue perspective due to 1. Higher than expected enrollment, thus an increase in student tuition collected, (\$1,874,000) and 2. Receipt of a payment on the sale of the Aviation Tech Center and the Southside Education Center (\$500,000). In addition, in comparing to the budget figures presented, the budgets for revenues were not adjusted throughout the year to maintain a historical record of the revenue forecast, but the expenditures budgets were adjusted throughout the year. While the individual line item budget expenditures summed to a total greater than the available revenues, tools available to management during the closeout of the year allowed the actual revenues as compared to actual expenditures to exceed the carry-over target.

Analysis of the College's Overall Financial Position and Results of Operations

As noted on Page 32, the College has an Ending Fund Balance in the General Fund (the main operations fund for the College) of \$7,671,147. This represents cash available to continue operations in the event of a total loss of all revenue sources. As a ratio, the Ending Fund Balance equals 44% of the funds expended for the year. This percentage is widely viewed as a healthy cash balance, putting the College in a strong financial position. This reserve is being maintained to offset anticipated continued decreases in state-sourced funds and is forecasted to remain fairly constant over the next two to three years.

Analysis of Balances and Transactions of Individual Funds

In an analysis of the individual funds, the following explanations are provided: General Fund-State revenues were near expected, but were significantly less than the previous year. State revenue is directly tied to enrollment, but the timing has a one year lag. With that, the FY2009 enrollment decrease impacts the FY2010 state revenue.

In the current year, the Adult Education Fund, Adult Supplemental Education Fund, Restricted Current Funds, Construction Fund, and The Special Assessments Fund all showed a negative change in fund balance for the fiscal year. The negative change in the Adult Education fund is considered immaterial. The change in The Adult Supplemental Education Fund was a planned decrease. The change as related to the Restricted Current Funds is a timing difference caused by ARRA (Stimulus) funds being spent in the current

year and reimbursed in the following year. The negative balance as related to the Construction Fund is a planned decrease. With the exception of a small amount of interest, all revenues available to this fund were received in fiscal year 2008 as part of the proceeds from the sale of bonds to construct the new dorm. The remaining net proceeds were transferred to Debt Service and will be used to pay the bonds as they come due. The negative change related to the Special Assessments fund is a planned decrease as the mill levy for special assessments has been discontinued and the balances due are being paid from cash accumulated in this fund. This fund will be eliminated in future years.

A new fund for 2009, the Capital Outlay Fund also shows a decreased fund balance. In 2009, legislation was passed that created Kansas State Income Tax Credits for certain donations by individuals and corporations to community colleges. The legislation requires that any funds received be receipted into the Capital Outlay Fund and spent according to Capital Outlay statutes. Per that, the College received \$63,900 in donations in 2009 that qualified the donor for the related income tax credit. Of that amount, \$40,600 was encumbered in 2009 for replacement of the Brown Center roof. The remaining balance was used in 2010 for replacement of the floor in the kitchen in the McAtee Dining Center.

Reserve Funds are funds held in trust for the College related to debt retirement and, per payments scheduled, increased slightly this year.

Current Funds -- Restricted are, as implied, funds with restricted uses. As such, it is expected that these funds will be self supporting in any given year. The exception as shown is the Special Grants Fund (page 41-see note above). Pell Grants continue to grow in both the size of the grant awarded and the number of grants awarded, so the total dollar value of Pell Grants increased substantially over the previous year.

Agency Funds are those held by the college in trust for others, generally student clubs recognized by the College. Changes in fund balances are the results of the activities of those agencies and are not relevant to the operation of the college.

Bookstore -- Statements reflect a full year of operations for a full-time store in Arkansas City and a seasonal store at the Cowley Eastside Center in Wichita. Due to the Kansas cash basis law, budgets for the bookstore are set with "cushions" so as not to have to be adjusted throughout the year, and for purposes of this statement provide very little valuable information.

Student Housing -- Budgetary Accounts show a significant difference of revenue over(under) expenditures as compared to fiscal 2009. This is an annual decision and is limited by the Kansas cash basis law and the covenants of the bond agreements related to the financing of the dorm system. (Please see the note above in the bookstore section related to budgets.)

Cosmetology – Budgetary Accounts as compared with the prior year show a slight decrease of the ending fund balance. It is the College’s position that the fund balance is sufficient and may, therefore, be used in small amounts to fund current year operations. (Please see the note above in the bookstore section related to budgets.)

Analysis of Significant Budgetary Variations

Please see discussion of budget variations as discussed above in the narrative of each fund. Total variances in the other funds are considered to be insignificant in their effect on ending fund balances.

Significant Capital and Long-term Debt Activity

As described in the Notes to the Financial Statements (note 3, page 19), there were no significant changes to long-term debt other than scheduled payments, therefore, total debt outstanding at June 30, 2010 of \$10,615,000 is a decrease from the previous year ending of \$11,935,000.

Significant Changes in Infrastructure Assets

Using a combination of ARRA funds, deferred maintenance tax credit funds (capital outlay), and donations, the following projects we completed in FY2010: Complete roof – Brown Center; Complete roof -- Cleveland Wellness Center; Resurfaced kitchen floor -- McAtee Dining Center; Replaced room divider, Wright Community Room -- Brown Center; Upgraded electrical service including natural gas powered generated -- Galle-Johnson Hall; Complete remodel physics lab -- Galle-Johnson Hall.

City Ball Park that has for several years served as home of Tiger Baseball was decided to the College by the City of Arkansas City in 2009. With the adjoining Track and Field Complex, the College has a significant athletic complex in south Arkansas City. Throughout the current year, the College purchased additional properties adjoining the track facility and now owns nearly all property west and south of the two main fields.

Currently Known Facts or Conditions

As of May 1, 2008 and July 1, 2008, the College transferred the operations of the Aviation Tech Center and the Southside Education Center, respectively, to Wichita Area Technical College. In return for this transfer, WATC purchased all equipment at both facilities through payments totaling \$5,000,000. Originally scheduled as \$1,000,000 on June 30, 2009 and \$2,000,000 each on June 30, 2010 and June 30, 2011, the payment schedule has been modified as follows: \$1,000,000 on June 30, 2009; \$500,000 each on June 30, 2010, June 30, 2011, and June 30, 2012; \$1,000,000 each on June 30, 2013 and June 30, 2014; and \$500,000 on June 30, 2015. The first two payments have been received and it is now anticipated that the remaining payments will be made according to the modified agreement.

Currently the College receives nearly 40% of its General Fund revenue from the State of Kansas in the form of an operating grant. The volatility of that source of funding is an ongoing concern, remaining subject to legislative priorities and enrollment changes. The state has rescinded state support in the recent past, and as of this writing, a FY 2011 rescission is an outside possibility as the state continues to face a projected shortfall of revenue.

At the same time, the Kansas Board of Regents is recommending legislation that establishes a new funding formula for technical education in the state, including those hours delivered through community colleges. As a piggyback to this formula, the KACCT has asked that the current formula for distributing all state funds to community colleges be set aside in favor of the proposed technical education formula. While the formula would "equalize" the system, several million dollars in additional appropriations would be required to fully implement the formula. How implementation of the formula would be accomplished in the face of insufficient funding has not been completely documented, thus the impact on Cowley College is not known at this time.

For the College,

Tony Crouch
Executive Vice President of Business Services

November 23, 2010

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
June 30, 2010 and 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Endowment</u> <u>Association</u>	<u>Total</u> <u>2010</u>	<u>Total</u> <u>2009</u>
<u>ASSETS</u>					
Cash:					
Restricted	\$ 1,583,842	\$ -	\$ -	\$ 1,583,842	\$ 1,374,565
Unrestricted	<u>11,354,015</u>	<u>1,267,152</u>	<u>34,012</u>	<u>12,655,179</u>	<u>11,184,667</u>
Total	\$ 12,937,857	\$ 1,267,152	\$ 34,012	\$ 14,239,021	\$ 12,559,232
Property taxes receivable	-	-	-	-	-
Other receivables	91,011	-	3,320	94,331	315,077
Inventories	-	383,852	-	383,852	346,700
Trusts	-	-	378,082	378,082	372,447
Investments	-	-	3,127,940	3,127,940	3,093,049
Allowance for change in value	-	-	(101,150)	(101,150)	(234,747)
Land	2,147,371	-	5,000	2,152,371	1,991,557
Capital assets, net of accumulated depreciation	<u>10,921,958</u>	<u>10,408,147</u>	<u>43,590</u>	<u>21,373,695</u>	<u>21,760,814</u>
Total assets	<u>\$ 26,098,197</u>	<u>\$ 12,059,151</u>	<u>\$ 3,490,794</u>	<u>\$ 41,648,142</u>	<u>\$ 40,204,129</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 812,198	\$ 108,685	\$ -	\$ 920,883	\$ 793,878
Accrued payroll	695,403	-	-	695,403	662,509
Deposits held in custody for others	1,348,010	-	-	1,348,010	826,768
Compensated absences	504,190	-	-	504,190	456,454
Deferred revenue	-	-	3,320	3,320	6,035
Bonds & certificates of participation:					
Due within one year	1,360,000	-	-	1,360,000	1,320,000
Due after one year	9,255,000	-	-	9,255,000	10,615,000
Other post employment benefits	<u>494,322</u>	<u>-</u>	<u>-</u>	<u>494,322</u>	<u>231,243</u>
Total liabilities	<u>\$ 14,469,123</u>	<u>\$ 108,685</u>	<u>\$ 3,320</u>	<u>\$ 14,581,128</u>	<u>\$ 14,911,887</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	\$ 2,454,329	\$ 10,408,147	\$ 48,590	\$ 12,911,066	\$ 11,817,371
Restricted:					
Expendable	1,863,305	-	736,412	2,599,717	2,470,552
Non-expendable	-	-	2,156,259	2,156,259	2,078,501
Unrestricted	<u>7,311,440</u>	<u>1,542,319</u>	<u>546,213</u>	<u>9,399,972</u>	<u>8,925,818</u>
Total net assets	<u>\$ 11,629,074</u>	<u>\$ 11,950,466</u>	<u>\$ 3,487,474</u>	<u>\$ 27,067,014</u>	<u>\$ 25,292,242</u>

See accompanying summary of significant accounting policies and notes to financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF ACTIVITIES
For The Years Ended June 30, 2010 and 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Expense Allocation</u>	<u>PROGRAM REVENUES</u>		
			<u>Tuition and Fees</u>	<u>Sales & Other Revenue</u>	<u>Grants, Gifts and Contracts</u>
Governmental Activities:					
Instruction	\$ 7,779,139	\$ 4,251,582	\$ 5,945,705	\$ -	\$ 744,029
Academic support	565,144	-	-	-	-
Student services	3,135,897	-	-	-	-
Institutional support	2,716,718	-	-	-	-
Operation & maintenance	2,594,043	(2,594,043)	-	-	-
Student aid	7,302,943	-	-	-	6,908,037
Interest	451,771	(451,771)	-	-	-
Unallocated depreciation	<u>1,205,768</u>	<u>(1,205,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 25,751,423</u>	<u>\$ -</u>	<u>\$ 5,945,705</u>	<u>\$ -</u>	<u>\$ 7,652,066</u>
Business type activities:					
Bookstore	\$ 1,311,798	\$ -	\$ -	\$ 1,527,470	\$ -
Student housing	1,597,602	-	-	1,880,739	-
Cosmetology	53,296	-	-	49,953	-
Athletics	<u>443,082</u>	<u>-</u>	<u>-</u>	<u>443,082</u>	<u>-</u>
Total business type activities	<u>\$ 3,405,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,901,244</u>	<u>\$ -</u>
Endowment association:					
Scholarships & related expenses					
Fund raising costs					
Total for College					
General revenues:					
Property taxes					
State appropriations					
Interest & investment income					
Miscellaneous					
Other financing sources (uses):					
Transfers					
Grants					
Contributions & other					
Endowed contributions					
Acquisition of fixed assets - student housing					
Total general revenue & other financing sources (uses)					
Change in net assets					
Net assets, beginning					
Net assets, ending					

See accompanying summary of significant accounting policies and notes to financial statements.

**COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF ACTIVITIES (CONTINUED)
For The Years Ended June 30, 2010 and 2009**

NET REVENUES (EXPENSES) AND CHANGES IN NET ASSETS				
<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Endowment Association</u>	<u>Total 2010</u>	<u>Total 2009</u>
\$ (5,340,987)	\$ -	\$ -	\$ (5,340,987)	\$ (6,503,984)
(565,144)	-	-	(565,144)	(602,332)
(3,135,897)	-	-	(3,135,897)	(3,150,234)
(2,716,718)	-	-	(2,716,718)	(2,745,989)
-	-	-	-	-
(394,906)	-	-	(394,906)	(427,425)
-	-	-	-	-
-	-	-	-	-
<u>\$ (12,153,652)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,153,652)</u>	<u>\$ (13,429,964)</u>
\$ -	\$ 215,672	\$ -	\$ 215,672	\$ 155,322
-	283,137	-	283,137	126,434
-	(3,343)	-	(3,343)	17,069
-	-	-	-	-
<u>\$ -</u>	<u>\$ 495,466</u>	<u>\$ -</u>	<u>\$ 495,466</u>	<u>\$ 298,825</u>
-	-	(403,321)	(403,321)	(268,822)
-	-	(110,301)	(110,301)	(46,149)
<u>\$ (12,153,652)</u>	<u>\$ 495,466</u>	<u>\$ (513,622)</u>	<u>\$ (12,171,808)</u>	<u>\$ (13,446,110)</u>
\$ 4,768,842	\$ -	\$ -	\$ 4,768,842	\$ 5,371,982
6,482,116	-	-	6,482,116	9,171,640
185,161	-	225,774	410,935	(97,297)
1,834,796	-	213,103	2,047,899	411,966
794,769	(794,769)	-	-	-
-	-	-	-	2,475
-	-	164,665	164,665	228,159
-	-	72,123	72,123	29,729
-	-	-	-	90,718
<u>\$ 14,065,684</u>	<u>\$ (794,769)</u>	<u>\$ 675,665</u>	<u>\$ 13,946,580</u>	<u>\$ 15,209,372</u>
\$ 1,912,032	\$ (299,303)	\$ 162,043	\$ 1,774,772	\$ 1,763,262
<u>9,717,042</u>	<u>12,249,769</u>	<u>3,325,431</u>	<u>25,292,242</u>	<u>23,528,980</u>
<u>\$ 11,629,074</u>	<u>\$ 11,950,466</u>	<u>\$ 3,487,474</u>	<u>\$ 27,067,014</u>	<u>\$ 25,292,242</u>

See accompanying summary of significant accounting policies and notes to financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010 and 2009

<u>ASSETS</u>	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u>	<u>Total</u> <u>2010</u>	<u>Total</u> <u>2009</u>
Cash:				
Restricted	\$ -	\$ 1,583,842	\$ 1,583,842	\$ 1,374,565
Unrestricted	<u>9,435,309</u>	<u>1,918,706</u>	<u>11,354,015</u>	<u>10,004,408</u>
Total	\$ 9,435,309	\$ 3,502,548	\$ 12,937,857	\$ 11,378,973
Property taxes receivable	-	-	-	-
Other receivables	<u>-</u>	<u>91,011</u>	<u>91,011</u>	<u>309,042</u>
Total assets	<u>\$ 9,435,309</u>	<u>\$ 3,593,559</u>	<u>\$ 13,028,868</u>	<u>\$ 11,688,015</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ 564,569	\$ 247,629	\$ 812,198	\$ 769,126
Accrued payroll	695,403	-	695,403	662,509
Deposits held in custody for others	-	1,348,010	1,348,010	826,768
Compensated absences	504,190	-	504,190	456,454
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 1,764,162</u>	<u>\$ 1,595,639</u>	<u>\$ 3,359,801</u>	<u>\$ 2,714,857</u>
 <u>NET ASSETS</u>				
Fund balance:				
Restricted	\$ -	\$ 1,863,305	\$ 1,863,305	\$ 1,859,895
Unrestricted	<u>7,671,147</u>	<u>134,615</u>	<u>7,805,762</u>	<u>7,113,263</u>
Total fund balance	<u>\$ 7,671,147</u>	<u>\$ 1,997,920</u>	<u>\$ 9,669,067</u>	<u>\$ 8,973,158</u>
Total liabilities & fund balance	<u>\$ 9,435,309</u>	<u>\$ 3,593,559</u>	<u>\$ 13,028,868</u>	<u>\$ 11,688,015</u>
 Reconciliation to net assets shown in Statement of Net Assets:				
Net OPEB obligation			\$ (494,322)	\$ (231,243)
Capital assets not reported in individual funds			13,069,329	12,910,127
Bonds not reported in individual funds			<u>(10,615,000)</u>	<u>(11,935,000)</u>
Net assets per Statement of Net Assets			<u>\$ 11,629,074</u>	<u>\$ 9,717,042</u>

See accompanying summary of significant accounting policies and notes to financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Years Ended June 30, 2010 and 2009

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u>	<u>Total</u> <u>2010</u>	<u>Total</u> <u>2009</u>
<u>REVENUES</u>				
Tuition and fees	\$ 5,754,524	\$ 191,181	\$ 5,945,705	\$ 4,974,485
Property taxes	4,768,842	-	4,768,842	5,371,982
State appropriations	6,429,972	52,144	6,482,116	9,171,640
Federal appropriations	179,591	7,472,475	7,652,066	4,297,114
Interest	128,973	56,188	185,161	219,442
Other	<u>1,644,951</u>	<u>189,845</u>	<u>1,834,796</u>	<u>382,541</u>
Total revenue	<u>\$ 18,906,853</u>	<u>\$ 7,961,833</u>	<u>\$ 26,868,686</u>	<u>\$ 24,417,204</u>
<u>EXPENDITURES</u>				
Instruction	\$ 7,864,906	\$ 257,931	\$ 8,122,837	\$ 7,786,961
Academic support	580,465	-	580,465	601,904
Student services	3,139,207	-	3,139,207	3,127,110
Institutional support	2,666,733	-	2,666,733	2,702,998
Operation & maintenance	2,791,487	605,257	3,396,744	3,069,362
Student aid	264,607	7,025,182	7,289,789	4,469,716
Debt service:		-	-	
Principal (Including specials)	665,000	655,000	1,320,000	1,170,155
Interest & issue costs	<u>112,002</u>	<u>339,769</u>	<u>451,771</u>	<u>598,778</u>
Total expenditures	<u>\$ 18,084,407</u>	<u>\$ 8,883,139</u>	<u>\$ 26,967,546</u>	<u>\$ 23,526,984</u>
Revenues over expenditures	\$ 822,446	\$ (921,306)	\$ (98,860)	\$ 890,220
Other financing sources (uses)				
Inter fund transfers	(35,000)	829,769	794,769	605,000
Issuance of bonds/certificates	-	-	-	-
Refunding of certificates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ 787,446	\$ (91,537)	\$ 695,909	\$ 1,495,220
Fund balance, beginning	<u>6,883,701</u>	<u>2,089,457</u>	<u>8,973,158</u>	<u>7,477,938</u>
Fund balance, ending	<u>\$ 7,671,147</u>	<u>\$ 1,997,920</u>	<u>\$ 9,669,067</u>	<u>\$ 8,973,158</u>
Reconciliation to change in net assets shown in Statement of Activities:				
Depreciation expense not included in individual funds			(1,205,768)	(1,070,639)
Additions to capital assets shown as expenditures in individual funds			1,364,970	957,148
Debt principal payments shown as expenditures in individual funds			1,320,000	1,170,155
Additional post employment benefits			<u>(263,079)</u>	<u>(231,243)</u>
Change in net assets per Statement of Activities			<u>\$ 1,912,032</u>	<u>\$ 2,320,641</u>

See accompanying summary of significant accounting policies and notes to financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010 and 2009

	<u>Bookstore</u>	<u>Student Housing</u>	<u>Cosmetology</u>	<u>June 30, 2010</u>	<u>Total June 30, 2009</u>
<u>ASSETS</u>					
Cash	\$ 977,838	\$ 209,035	\$ 80,279	\$ 1,267,152	\$ 1,133,821
Inventory	383,852	-	-	383,852	346,700
Capital assets	506,335	15,542,272	-	16,048,607	15,922,610
Less accumulated depreciation	<u>(184,630)</u>	<u>(5,455,830)</u>	<u>-</u>	<u>(5,640,460)</u>	<u>(5,128,956)</u>
 Total assets	 <u>\$ 1,683,395</u>	 <u>\$ 10,295,477</u>	 <u>\$ 80,279</u>	 <u>\$ 12,059,151</u>	 <u>\$ 12,274,175</u>
 <u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	<u>\$ 17,580</u>	<u>\$ 91,105</u>	<u>\$ -</u>	<u>\$ 108,685</u>	<u>\$ 24,406</u>
 <u>NET ASSETS</u>					
Invested in capital assets	\$ 321,705	\$ 10,086,442	\$ -	\$ 10,408,147	\$ 10,793,654
Unrestricted	<u>1,344,110</u>	<u>117,930</u>	<u>80,279</u>	<u>1,542,319</u>	<u>1,456,115</u>
 Total net assets	 <u>\$ 1,665,815</u>	 <u>\$ 10,204,372</u>	 <u>\$ 80,279</u>	 <u>\$ 11,950,466</u>	 <u>\$ 12,249,769</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For The Years Ended June 30, 2010 and 2009

	<u>Bookstore</u>	<u>Student Housing</u>	<u>Cosmetology</u>	<u>Athletics</u>
<u>Operating revenue</u>				
Charge for goods & services	\$ 1,527,470	\$ 1,764,623	\$ 49,953	\$ -
Miscellaneous	<u>-</u>	<u>116,116</u>	<u>-</u>	<u>443,082</u>
Total operating revenue	<u>\$ 1,527,470</u>	<u>\$ 1,880,739</u>	<u>\$ 49,953</u>	<u>\$ 443,082</u>
<u>Operating expense</u>				
Cost of sales	\$ 1,053,288	\$ -	\$ 21,818	\$ -
Salaries	103,056	199,461	-	-
Supplies	136,960	196,294	31,478	-
Food service	-	708,837	-	-
Grants	-	-	-	443,082
Depreciation	18,494	493,010	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expense	<u>\$ 1,311,798</u>	<u>\$ 1,597,602</u>	<u>\$ 53,296</u>	<u>\$ 443,082</u>
Operating income before transfers	\$ 215,672	\$ 283,137	\$ (3,343)	\$ -
Transfers for debt retirement	-	(794,769)	-	-
Contributed capital	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	\$ 215,672	\$ (511,632)	\$ (3,343)	\$ -
Net assets, beginning	<u>1,450,143</u>	<u>10,716,004</u>	<u>83,622</u>	<u>-</u>
Net assets, ending	<u>\$ 1,665,815</u>	<u>\$ 10,204,372</u>	<u>\$ 80,279</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS (CONTINUED)
For The Years Ended June 30, 2010 and 2009

<u>June 30, 2010</u>	<u>Total</u>	<u>June 30, 2009</u>
\$ 3,342,046		\$ 3,219,851
<u>559,198</u>		<u>417,257</u>
<u>\$ 3,901,244</u>		<u>\$ 3,637,108</u>
\$ 1,075,106		\$ 1,181,793
302,517		340,026
364,732		346,321
708,837		644,795
443,082		318,303
511,504		507,045
<u>-</u>		<u>-</u>
<u>\$ 3,405,778</u>		<u>\$ 3,338,283</u>
\$ 495,466		\$ 298,825
(794,769)		(605,000)
<u>-</u>		<u>90,718</u>
\$ (299,303)		\$ (215,457)
<u>12,249,769</u>		<u>12,465,226</u>
<u>\$ 11,950,466</u>		<u>\$ 12,249,769</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2010

	<u>Bookstore</u>	<u>Student Housing</u>	<u>Cosmetology</u>
Cash Flows From Operating Activities:			
Receipts from customers	\$ 1,527,470	\$ 1,764,623	\$ 49,953
Payments to suppliers	(1,233,626)	(814,026)	(53,896)
Payments to employees	(103,056)	(199,461)	-
Other receipts	<u>-</u>	<u>116,116</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 190,788</u>	<u>\$ 867,252</u>	<u>\$ (3,943)</u>
Cash Flows From Non-Capital Financing Activities:			
Transfer to other funds	<u>\$ -</u>	<u>\$ (794,769)</u>	<u>\$ -</u>
Cash Flows From Capital Financing Activities:			
Acquisition of fixed assets	<u>\$ -</u>	<u>\$ (125,997)</u>	<u>\$ -</u>
Net increase (decrease) in cash	\$ 190,788	\$ (53,514)	\$ (3,943)
Cash balance, beginning of year	<u>787,050</u>	<u>262,549</u>	<u>84,222</u>
Cash balance, end of year	<u>\$ 977,838</u>	<u>\$ 209,035</u>	<u>\$ 80,279</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 215,672	\$ 283,137	\$ (3,343)
Depreciation expense	18,494	493,010	-
Change in assets and liabilities			
Inventories (Increase)	(37,152)	-	-
Accounts payable Increase (Decrease)	<u>(6,226)</u>	<u>91,105</u>	<u>(600)</u>
Net cash provided by operating activities	<u>\$ 190,788</u>	<u>\$ 867,252</u>	<u>\$ (3,943)</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For The Year Ended June 30, 2010

<u>Athletics</u>	<u>2010</u> <u>Total</u>	<u>2009</u> <u>Total</u>
\$ -	\$ 3,342,046	\$ 3,219,851
(443,082)	(2,544,630)	(2,478,330)
-	(302,517)	(340,026)
<u>443,082</u>	<u>559,198</u>	<u>417,257</u>
<u>\$ -</u>	<u>\$ 1,054,097</u>	<u>\$ 818,752</u>
<u>\$ -</u>	<u>\$ (794,769)</u>	<u>\$ (605,000)</u>
<u>\$ -</u>	<u>\$ (125,997)</u>	<u>\$ -</u>
\$ -	\$ 133,331	\$ 213,752
<u>-</u>	<u>1,133,821</u>	<u>920,069</u>
<u>\$ -</u>	<u>\$ 1,267,152</u>	<u>\$ 1,133,821</u>
\$ -	\$ 495,466	\$ 298,825
-	511,504	507,045
-	(37,152)	27,942
<u>-</u>	<u>84,279</u>	<u>(15,060)</u>
<u>\$ -</u>	<u>\$ 1,054,097</u>	<u>\$ 818,752</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
June 30, 2010

The significant accounting policies followed by Cowley County Community College are described below to enhance the usefulness of the financial statements to the reader.

Accrual Basis

The financial statements of Cowley County Community College have been prepared on the accrual basis. The statement of activities is a statement of financial activities of current funds related to the current reporting period.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures in the individual fund statements but accounted for as capital assets in the statement of activities.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Institution, the accounts of the College are maintained in accordance with principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

Accordingly, all financial transactions have been recorded and reported by fund groups. Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds, and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

Ordinary income derived from investments and receivables is accounted for in the fund owning such assets.

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the notes thereto.

1. Fund Descriptions

COWLEY COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

The principles and practices of "fund accounting" are employed by the College to satisfy the need to account properly for the diversity of resources and their use.

A fund is an accounting entity with a self-balancing set of accounts consisting of assets, liabilities, and a fund balance. Separate accounts are maintained for each fund to insure observance of limitations and restrictions placed on use of resources. For reporting purposes, however, funds of similar characteristics are combined into fund groups. The fund groups, and the funds included therein and a definition of their use follows:

Governmental Activities

This group is used to account for resources that are available for the general financial needs of the College, the only restrictions being those imposed by law and the budget.

The organizational units to be financed through this group are those which are concerned directly with the operation and support of the educational program.

The revenue accounts to be credited to this group are, generally, the resources received to finance the educational program. Indirect expenses, where applicable, have been allocated to the Instruction function.

Business Type Activities

This group of funds is used to account for entities that exist to furnish goods or services to students, faculty or staff. The general public may be served incidentally by some auxiliary enterprises. The auxiliary enterprise entity charges fees directly related to, although not necessarily equal to, the cost of the service. Auxiliary enterprises generally include residence halls, food service, intercollegiate athletics, college stores and unions, etc. Revenues and expenditures for auxiliary enterprises operations are accounted for by each separate entity. FASB pronouncements issued after November 30, 1989 are applied for these activities where they do not conflict with GASB pronouncements.

Endowment Funds

Endowment funds are resources used by the Cowley County College Endowment Association to assist Cowley County Community College.

The fund balance of \$3,487,474 as of June 30, 2010 and \$3,325,431 as of June 30, 2009, consists of the net assets of the Association and net assets at fair market value of \$378,082 and \$372,447 respectively owned by the College.

Depreciation of fixed assets used by the College is recorded as an expense against operations. Depreciation is figured using the straight line method and the following estimated useful lives:

COWLEY COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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Buildings 30 years
Improvements 20 - 30 years
Equipment 4 - 10 years

Assets with expected useful lives extending beyond one year are those considered for capitalization. Real property that represents the investment of endowment and similar funds is not included in this group of funds.

2. Summary of Accounting Policies

The College has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented after applying memorandum adjustments, where applicable, resulting in financial statements presented on an accrual basis of accounting.

Budgets

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

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 the 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. There were no amendments during the current year.

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. Budgeted comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

COWLEY COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

* :

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds and trust, agency, and loan funds. 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.

Basis of Accounting

The general fund, special revenue funds, capital project funds, debt service funds, expendable trust funds and agency funds are reported on the accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is when they become both measurable and available to finance expenditures of the current fiscal year.

Expenditures are recognized in the fiscal year in which a liability has been incurred, further modified by the encumbrance method of accounting. Although generally accepted accounting principles do not recognize encumbrances as liabilities, any differences between accounts payable and encumbrances are deemed to be immaterial in comparison with the financial statements as a whole. Interest on unmatured general long-term debt is recognized when due.

The enterprise funds are reported on the accrual basis of accounting.

Reporting Entity

Cowley County Community College is a municipal corporation governed by an elected board. These financial statements present Cowley County Community College and its component unit, the Cowley Community College Endowment Association.

The criteria for including the Endowment Association as a fund group of the College is primarily the services provided to the College by the Association.

Deposits and Investments

COWLEY COUNTY COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

K.S.A. 9-1401 establishes the depositories which may be used by the Government. K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage.

Deposits are in compliance with K.S.A. 12-1675 which limits investment of idle funds to time deposits, open accounts, certificates of deposit with allowable financial institutions, U.S. government securities, temporary notes, no-fund warrants, repurchase agreements and the Kansas Municipal Investment Pool. The College has no further restrictions. The carrying amounts of deposits are equivalent to the market values.

<u>Deposits</u>	<u>FDIC Insured</u>	<u>Depository Securities</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Funds At Risk</u>
Home National Bank	\$ 7,702,225	\$ 5,223,187	\$ 11,542,225	\$ 12,030,899	\$ -
Union State Bank	623,009	-	623,009	16,036	-
Carson Bank	5,000	-	5,000	5,000	-
ComerBank - Winfield	250,000	1,069,742	1,000,100	1,000,100	-
Sunflower Bank	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
				<u>\$ 13,057,035</u>	

The depository securities are collateral held under joint custody receipts issued by a third party bank and held under the name of the College. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Any concentration of credit risk is secured by depository securities.

Cash and cash equivalents for business-type activities consist of cash in operating accounts.

Investments

Investments for municipalities are authorized by K.S.A. 12-1675. Investments of the College are held by the Security Bank of Kansas City, Kansas City, Kansas and consist of required reserves. Investments at June 30, 2010 are shown below:

	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Maturity (Years)</u>	
			1-2	3-5
Required Reserves:				
U.S. Treasury Obligations	\$ 303,355	\$ 791,352	\$ 791,352	\$ -
Money Market	<u>844,319</u>	<u>844,319</u>	<u>844,319</u>	<u>-</u>
Total	<u>\$ 1,147,674</u>	<u>\$ 1,635,671</u>	<u>\$ 1,635,671</u>	<u>\$ -</u>

Property Taxes

COWLEY COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing Kansas statutes. Consequently, current year property taxes receivable which are not available as a resource that can be used to finance the current year operations of the College are offset by deferred revenue for control purposes. A sixty-day period is used for revenue recognition.

Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 20 of the ensuing year. Kansas statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year.

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 in relationship to the financial statement taken as a whole.

Receivables and Deferred Revenue

Receivables of the general, special revenue and debt service funds which are not available to finance the current year's operations of the College are offset by deferred revenue for control purposes.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase in all funds except for the auxiliary enterprise fund, bookstore fund, where inventories are recorded at their historical cost.

Employee's Retirement Plan

Plan description. The College participates in the Kansas Public Employees Retirement System (KPERs), a costsharing 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 financials 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. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the

COWLEY COUNTY COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes an average of 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for employees for the years ending June 30, 2010 and 2009 were \$799,565 and \$727,386, respectively, equal to the required contributions for each year.

Generally accepted accounting principles require recognition in the financial statements of pension contributions made by an entity other than the employer government. These payments have not been recognized in the individual fund statements. However, these payments have been recognized in the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance.

3. Long-term Debt – Certificates of Participation and Revenue Bonds

Following is a detailed listing of the long-term debt:

<u>Description</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>
<u>Certificates of Participation</u>			
Student Services and Gymnasium	01/29/04	3,550,000	3.50%
Refunding Certificates - Brown Center	01/29/04	1,930,000	2.80%
Refunding Certificates - Track	03/15/08	856,000	3.05%
<u>Revenue Bonds</u>			
Dormitory System Refunding	11/15/04	4,335,000	3.0% - 5.0%
Dormitory Revenue	09/01/07	4,825,000	4.0% - 4.4%

Following is a summary of changes for the year:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Refunded</u>	<u>Ending Balance</u>
Student Services	\$ 2,490,000	\$ -	\$ 235,000	\$ -	\$ 2,255,000
Refunding - Brown Center	720,000	-	290,000	-	430,000
Refunding - Dorm	3,230,000	-	490,000	-	2,740,000
Dorm Revenue	4,750,000	-	165,000	-	4,585,000
Track Refunding	745,000	-	140,000	-	605,000
	<u>\$ 11,935,000</u>	<u>\$ -</u>	<u>\$ 1,320,000</u>	<u>\$ -</u>	<u>\$ 10,615,000</u>

COWLEY COUNTY COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

	Fiscal Year	Principal	Interest	Total
Student Services/Gymnasium	2011	\$ 245,000	\$ 78,925	\$ 323,925
	2012	250,000	70,350	320,350
	2013	265,000	61,600	326,600
	2014	275,000	52,325	327,325
	2015	285,000	42,700	327,700
	2016-2018	<u>935,000</u>	<u>66,325</u>	<u>1,001,325</u>
		<u>\$ 2,255,000</u>	<u>\$ 372,225</u>	<u>\$ 2,627,225</u>
Refunding - Brown Center	2011	\$ 295,000	\$ 12,040	\$ 307,040
	2012	<u>135,000</u>	<u>3,780</u>	<u>138,780</u>
		<u>\$ 430,000</u>	<u>\$ 15,820</u>	<u>\$ 445,820</u>
Refunding - Dorm	2011	\$ 510,000	\$ 119,886	\$ 629,886
	2012	530,000	94,386	624,386
	2013	555,000	67,886	622,886
	2014	565,000	46,380	611,380
	2015	<u>580,000</u>	<u>23,780</u>	<u>603,780</u>
		<u>\$ 2,740,000</u>	<u>\$ 352,318</u>	<u>\$ 3,092,318</u>
Dorm Revenue	2011	\$ 170,000	\$ 192,955	\$ 362,955
	2012	180,000	185,299	365,299
	2013	190,000	177,205	367,205
	2014	195,000	168,784	363,784
	2015	205,000	160,033	365,033
	2016-2020	1,165,000	662,954	1,827,954
	2021-2025	1,445,000	388,792	1,833,792
	2026-2027	<u>1,035,000</u>	<u>69,589</u>	<u>1,104,589</u>
		<u>\$ 4,585,000</u>	<u>\$ 2,005,611</u>	<u>\$ 6,590,611</u>
Track Refunding	2011	\$ 140,000	\$ 18,453	\$ 158,453
	2012	155,000	14,182	169,182
	2013	150,000	9,455	159,455
	2014	<u>160,000</u>	<u>4,880</u>	<u>164,880</u>
		<u>\$ 605,000</u>	<u>\$ 46,970</u>	<u>\$ 651,970</u>

The amount of previously refunded certificates of participation and revenue bonds amounted to \$425,000 as of June 30, 2010.

4. Long-term Debt Requirements

COWLEY COUNTY COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

A) The terms of the College's debt agreements require the information of the following accounts and other items. The balance shown in the reserve accounts meet the requirements of the above mentioned agreements.

	Arts <u>Building</u>	2004 Revenue <u>Bonds</u>	2007 Revenue <u>Bonds</u>	<u>Total</u>
Cash balances requirement:				
Principal and interest	\$ -	\$ 229,943	\$ 223,614	\$ 453,557
Reserve	85,000	-	368,430	453,430
Depreciation, maintenance, and improvement	<u>682,129</u>	<u>211,988</u>	<u>-</u>	<u>894,117</u>
	<u>\$ 767,129</u>	<u>\$ 441,931</u>	<u>\$ 592,044</u>	<u>\$ 1,801,104</u>

B) There were approximately 431 students served by the dormitory for the year ended June 30, 2010. The insurance coverage is maintained at 90% co-insurance level with a replacement cost value of \$2,660,628 for the 1993 dormitory, \$2,235,163 for the 1989 dormitory, \$4,011,153 for the 2000 dormitory system and 4,173,560 for the 2008 dormitory.

C) There is no information indicating arbitrage requirements have not been met.

D) Continuing disclosure requirements have been met.

E) All other significant requirements of the agreement have been met.

F) The above cash balances are shown as follows in the financial statements:

	Arts <u>Building</u>	Revenue <u>Bonds</u>	<u>Total</u>
Student Union and dormitory Facilities			
Reserved	\$ -	\$ 579,442	\$ 579,442
Unreserved	-	211,988	211,988
Total	<u>\$ -</u>	<u>\$ 791,430</u>	<u>\$ 791,430</u>
Reserve Funds:			
Reserved	\$ 85,000	\$ 242,545	\$ 327,545
Unreserved	<u>682,129</u>	<u>-</u>	<u>682,129</u>
Total	<u>\$ 767,129</u>	<u>\$ 242,545</u>	<u>\$ 1,009,674</u>
Total	<u>\$ 767,129</u>	<u>\$ 1,033,975</u>	<u>\$ 1,801,104</u>

G) Debt service coverage ratio of 1.25

COWLEY COUNTY COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

Revenue - Student Housing	\$ 1,764,623
Dormitory Bond & Interest	<u>163,340</u>
Total	<u>\$ 1,927,963</u>

Debt Service Requirements	
2004 Bonds	\$ 629,486
2007 Bonds	<u>365,283</u>
Total	<u>\$ 994,769</u>
Ratio	<u>1.94</u>

5. Compliance with Kansas Statutes

A) Funds on deposit with the Home National Bank during March, 2010 were in excess of the pledged depository securities and FDIC insurance coverage which is a violation of K.S.A. 9-1402.

B) Management is aware of no other violations of Kansas Statutes.

6. Transfers

Operating transfers

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Authority</u>
General	Adult Education	\$35,000	K.S.A. 71-614
Student Housing	Dormitory Bond & Interest	794,769	
Construction	Dormitory Bond & Interest	52,913	

These financial transactions are shown as revenue and expenditures or transfers in the individual fund statements. In the statement of revenues, expenditures and changes in fund balance and the statement of activities, these transactions are shown as transfers.

7. Compensated Absences

Sick Leave

The College has a policy which provides employees who have met certain criteria to receive upon retirement unused sick leave.

Vacation leave

The College has a policy with the administrative and classified personnel which provides for vacation leave on a pro-rated basis from January 1 to date of termination and also for unused vacation for employees who have met certain criteria.

COWLEY COUNTY COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

The anticipated accrual in the amount of \$504,190 has been recorded in the General fund as of June 30, 2010. The accrual as of June 30, 2009, was \$456,454.

8. Deficit Retained Earnings

The Student Housing fund has a negative retained earnings balance.

9. Other Post Employment and Termination Benefits

When an employee retires from the college after becoming sixty years of age and having at least ten years of continuous service with the College, the employee shall be eligible for a single premium in the College-sponsored group health insurance plan until the employee is sixty-five years of age. During the current year there were five to seven participants resulting in an expense to the College of \$27,780.

An additional expense of \$263,079 has been shown on the Statement of Activities as shown below.

Funding Policy

Funding of the Plan by the College is accounted for on a pay as you go funding. Actual cash payments are made based on the eligible retirees. There are no stand alone financial reports for the plan.

Annual OPEB and Net OPEB Obligation. The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

	<u>6/30/2009</u>	<u>6/30/2010</u>
Annual required contribution	\$ 249,810	\$ 499,620
Interest on net OPEB obligation	11,241	22,482
Adjustment to annual required contribution	_____ -	_____ -
	261,051	522,102
Contributions paid	<u>29,808</u>	<u>27,780</u>
	231,243	494,322
Net OPEB obligation - beginning of year	_____ -	<u>231,243</u>
Net OPEB obligation - increase	<u>\$ 231,243</u>	<u>\$ 263,079</u>

COWLEY COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

GASB 45 has been implemented on a prospective basis as of June 30, 2009.

Funded Status and Funding Progress. As of June 30, 2009, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$1,502,502. The covered payroll (annual payroll of active employees covered by the plan) was \$7,548,810 and the ratio of the UAAL to the covered payroll was 19.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates included a 4.5 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was sixteen years.

10. Other Termination Benefits

As provided by K.S.A. 12-5040, the College allows retirees to participate in the group health insurance plan. Each retiree pays the full amount of the applicable premium so there is no obligation to the College.

11. Operating Leases

The College leases certain facilities for its educational purposes. The leases for two of the facilities contain the following provisions:

COWLEY COUNTY COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

	<u>Mulvanie Center</u>	<u>Mulvane Center</u>
Initial term	8-1-05 through 7-31-10 at \$10,000 per month	3-21-05 through 3-21-09 at \$6,000 per month
Renewal	Option for 5-year renewal periods at rent consistent with then current market conditions	Two year options; rent to be \$6,450 as of 7-1-09

12. Capital Asset Activity for the Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Land	\$ 1,986,557	\$ 160,814	\$ -	\$ 2,147,371
Buildings & improvements	20,521,574	602,564	-	21,124,138
Equipment	6,884,353	593,117	(470,820)	7,006,650
Library books	<u>890,494</u>	<u>8,475</u>	<u>-</u>	<u>898,969</u>
Total	<u>\$ 30,282,978</u>	<u>\$ 1,364,970</u>	<u>\$ (470,820)</u>	<u>\$ 31,177,128</u>
Less accumulated depreciation	<u>(17,372,851)</u>	<u>(1,205,768)</u>	<u>470,820</u>	<u>(18,107,799)</u>
Net capital assets	<u>\$ 12,910,127</u>	<u>\$ 159,202</u>	<u>\$ -</u>	<u>\$ 13,069,329</u>
Business-type activities:				
Buildings & equipment	\$ 15,922,610	\$ 125,997	\$ -	\$ 16,048,607
Less accumulated depreciation	<u>(5,128,956)</u>	<u>(511,504)</u>	<u>-</u>	<u>(5,640,460)</u>
Net capital assets	<u>\$ 10,793,654</u>	<u>\$ (385,507)</u>	<u>\$ -</u>	<u>\$ 10,408,147</u>

COWLEY COUNTY COMMUNITY COLLEGE
ENDOWMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

I. Nature of activities and significant accounting policies

A. Nature of activities

The Cowley County Community College Endowment Association was formed to provide a means of raising the necessary funds to assist Cowley County Community College and its students to achieve their educational goals. It is a reporting component unit of the College and these financial statements will be included in the financial statements of the College.

B. Basis of accounting

The Association uses the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become available and measurable, and expenditures are recognized in the accounting period in which the fund liability is incurred. Pledges are recognized as revenue or support in the period in which they are collected. Pledges that will be collected in future periods are recorded as pledges receivable and as deferred support. The preparation of financial statements requires management to make estimates that affect the reported amounts of assets.

C. Fund Accounting

In order to ensure observations of limitations and restrictions placed on the use of the resources available to the Association, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified by the donor or the Association's Board.

Within each fund, the fund balances restricted by outside sources of the Board are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the Association's Board.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like, is accounted for in the fund owning such assets.

D. Income taxes

The Association is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Association is subject to Unrelated Business Income Tax.

E. Investments

The Association has funds invested in stocks and trusts which have stocks, bonds, notes and mutual funds in their portfolio. The stocks, bonds, notes and mutual funds are initially recorded at cost, if purchased, and at their fair market value on the date contributed, if donated to the Association.

The stocks, bonds, notes and mutual funds are valued on the balance sheet at the current market value. The change in value since the asset was acquired is shown as Allowance for Change in Value or Trust Reserve, and the offset to the adjustment is shown as unrealized gain or loss on investments.

COWLEY COUNTY COMMUNITY COLLEGE
ENDOWMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

2. Restriction on assets

- A. Tiger Booster Club - Assets are temporarily restricted to the operation of the Club.
- B. Cultural Arts - Assets are temporarily restricted to providing cultural arts programs.
- C. Scholarships - A portion of the assets are permanently restricted with the income used to provide scholarships to students. Temporarily restricted assets are used for the same purpose.
 - 1. The Kirke Dale Memorial Scholarship trust was established as a perpetual educational trust with all of the net income from the trust used exclusively for scholarships by the Cowley County Community College. The trust is not an asset of the Association, but is shown on the balance sheet to show that it is for the benefit of bestowing scholarships to students at the College.
 - 2. The Carpenter and Vickers Memorial Scholarship Trust was established by the Association after receiving a gift from Mildred F. Carpenter. The trust income is to be used for non-athletic scholarships. The trust is not an asset of the Association, but is shown on the balance sheet that it is for the benefit of bestowing scholarships to students at the College.
 - 3. The portion shown as permanently restricted represents permanent principal amounts of endowments restricted by donors. Any appreciation of these funds is included in the temporarily restricted portion of the fund balance.
- D. Executive Management - A portion of the assets are temporarily restricted for the Title III match grant and another portion is temporarily restricted for lecture programs and construction projects.
- E. Arts, Science and Technology - Assets are temporarily restricted for construction projects.

3. Cash and cash equivalents

Cash and cash equivalents consist of cash in checking accounts.

4. Pledges receivable

Endowment Campaign 2001 began in 1998 to fund scholarships. The Campaign pledge amounts can be paid from one to five years. Uncollected pledges are recorded at their realizable value as a receivable and deferred support.

The Association is receiving pledges for the Webb-Brown classroom and the W.S.Scott renovation.

The Association's receivables are almost entirely from donors located in Cowley County, Kansas; therefore their collectability could be affected by the economy in the local area.

There is no allowance for doubtful accounts recorded as of June 30, 2010.

COWLEY COUNTY COMMUNITY COLLEGE
 ENDOWMENT ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2010

4. Pledges receivable (continued)

	<u>W.S. Scott Auditorium</u>	<u>Scholarships & Campaign 2001</u>	<u>Webb/Brown Classroom</u>
Estimated pledges receivable by June 30, 2011	\$ 2,000	\$ 1,245	\$ 75

5. Donated services and materials

The Association receives services and materials from Cowley County Community College in the form of salaries for the director, grant coordinator, and secretary of the Association's office and supplies, repairs, printing, and equipment needed by the director and secretary. The cash value of these items was \$170,882 for the year ended June 30, 2010 and \$179,608 for the year ended June 30, 2009.

6. Schedule of functional expenses:

	Total Expenses	Program Expenses	Manage- ment	Fund- raising	College Assets
Scholarship	185,341	177,591	-	-	7,750
Insurance	296	-	296	-	-
Taxes	2,549	-	2,549	-	-
Supplies and advertising	14,022	-	-	14,022	-
Contracted services	18,291	10,900	7,391	-	-
Administration	119,544	-	59,772	59,772	-
Trustee fees	23,079	-	18,460	-	4,619
Recognition	12,530	-	-	12,530	-
Other	23,977	-	-	23,977	-
In Kind Donations	51,338	-	51,338	-	-
Contribution to College	62,655	-	62,655	-	-
Total	513,622	188,491	202,461	110,301	12,369

7. Conditional promises to give

The Association has several pledges received in the form of future payments - \$25,000 as designated in a will and the death benefit of a life insurance policy, the value of which was \$63,312 at June 30, 2010 and \$61,654 at June 30, 2009. In accordance with SFAS No. 116, no value has been recorded in the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
GENERAL FUND
BALANCE SHEET
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	\$ 9,435,309	\$ 8,649,485
Receivables (net of allowance for uncollectible):		
Taxes	<u> -</u>	<u> -</u>
Total assets	<u>\$ 9,435,309</u>	<u>\$ 8,649,485</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable	\$ 564,569	\$ 646,821
Salaries payable	695,403	662,509
Deferred revenue	-	-
Compensated absences	<u>504,190</u>	<u>456,454</u>
Total liabilities	<u>\$ 1,764,162</u>	<u>\$ 1,765,784</u>
Fund balance		
Designated for subsequent year's expenditures	\$ 7,671,147	\$ 6,883,701
Undesignated	<u> -</u>	<u> -</u>
Total fund balance	<u>\$ 7,671,147</u>	<u>\$ 6,883,701</u>
Total liabilities and fund balance	<u>\$ 9,435,309</u>	<u>\$ 8,649,485</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
For The Years Ended June 30, 2010 and 2009

	<u>2010</u> <u>Actual</u>	<u>2010</u> <u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>	<u>2009</u> <u>Actual</u>
Revenue				
Local:				
Ad valorem tax	\$ 4,037,218	\$ 4,028,354	\$ 8,864	\$ 4,548,138
Delinquent tax	66,616	121,058	(54,442)	160,527
Motor vehicle tax	651,449	673,322	(21,873)	642,788
In lieu of taxes	795	-	795	7,885
Recreational vehicle tax	<u>12,764</u>	<u>13,135</u>	<u>(371)</u>	<u>12,644</u>
	<u>\$ 4,768,842</u>	<u>\$ 4,835,869</u>	<u>\$ (67,027)</u>	<u>\$ 5,371,982</u>
State:				
State capital outlay	\$ 217,330	\$ 217,848	\$ (518)	\$ 213,208
Operating grant	5,413,077	5,539,385	(126,308)	8,143,176
Other	-	-	-	-
	<u>\$ 5,630,407</u>	<u>\$ 5,757,233</u>	<u>\$ (126,826)</u>	<u>\$ 8,356,384</u>
Federal:				
Improvement expansion	<u>\$ 179,591</u>	<u>\$ 182,815</u>	<u>\$ (3,224)</u>	<u>\$ 155,945</u>
Student tuition and fees:				
Academic	\$ 4,199,734	\$ 2,167,000	\$ 2,032,734	\$ 3,472,225
Academic out of state	867,169	534,850	332,319	608,666
Other	<u>687,621</u>	<u>1,178,500</u>	<u>(490,879)</u>	<u>480,636</u>
	<u>\$ 5,754,524</u>	<u>\$ 3,880,350</u>	<u>\$ 1,874,174</u>	<u>\$ 4,561,527</u>
Other:				
Interest	\$ 128,973	\$ 150,000	\$ (21,027)	\$ 168,638
Miscellaneous	1,566,942	1,048,920	518,022	68,443
Refund - Current year's expenditure	54,832	56,080	(1,248)	84,192
Refund - Prior year's expenditures	15,608	17,500	(1,892)	26,403
Rental	4,862	3,000	1,862	3,779
Sale of property	<u>2,707</u>	<u>-</u>	<u>2,707</u>	<u>953</u>
	<u>\$ 1,773,924</u>	<u>\$ 1,275,500</u>	<u>\$ 498,424</u>	<u>\$ 352,408</u>
Total revenue	<u>\$ 18,107,288</u>	<u>\$ 15,931,767</u>	<u>\$ 2,175,521</u>	<u>\$ 18,798,246</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET (CONTINUED)
For The Years Ended June 30, 2010 and 2009

	2010 <u>Actual</u>	2010 <u>Budget</u>	Variance- Favorable (Unfavorable)	2009 <u>Actual</u>
<u>Expenditures</u>				
Instruction:				
Salaries	\$ 4,252,951	\$ 4,274,645	\$ 21,694	\$ 4,197,638
Supplies	147,192	151,228	4,036	176,032
Other expenses	209,486	256,150	46,664	274,684
Repair	12,226	17,700	5,474	10,958
Contracted service	2,023,459	1,966,590	(56,869)	1,777,474
Capital expenditures:				
Replacement of equipment	-	-	-	7,153
Other capital expenditures	419,457	417,403	(2,054)	411,775
Technology	570	-	(570)	6,378
	<u>\$ 7,065,341</u>	<u>\$ 7,083,716</u>	<u>\$ 18,375</u>	<u>\$ 6,862,092</u>
Academic support:				
Salaries	\$ 433,838	\$ 421,085	\$ (12,753)	\$ 441,397
Supplies	37,380	41,175	3,795	33,163
Library and audiovisual	40,084	40,365	281	43,564
Other expenses	36,250	43,400	7,150	48,407
Repairs	7,645	7,885	240	5,914
Technology	-	-	-	21,913
Contracted services	5,268	8,150	2,882	7,546
Capital expenditures:				
Other capital expenditures	20,000	20,000	-	-
	<u>\$ 580,465</u>	<u>\$ 582,060</u>	<u>\$ 1,595</u>	<u>\$ 601,904</u>
Student services:				
Salaries	\$ 875,316	\$ 914,960	\$ 39,644	\$ 857,922
Supplies	57,328	55,450	(1,878)	78,494
Work study	151,088	212,600	61,512	177,852
Other expenses	64,166	88,350	24,184	75,476
Repair	-	3,600	3,600	3,526
Contracted service	139,932	166,910	26,978	95,069
Capital expenditures:				
Replacement of equipment	-	-	-	-
Other capital expenditures	-	-	-	1,846
Intercollegiate athletics	1,851,377	1,884,470	33,093	1,836,925
	<u>\$ 3,139,207</u>	<u>\$ 3,326,340</u>	<u>\$ 187,133</u>	<u>\$ 3,127,110</u>
Institutional support:				
Salaries	\$ 1,725,544	\$ 1,737,355	\$ 11,811	\$ 1,765,842
Supplies	29,831	30,844	1,013	20,676
Other expenses	308,449	327,474	19,025	325,381
Repair	3,679	4,696	1,017	1,600
Contracted service	453,722	469,325	15,603	458,871
Capital expenditures:				
Replacement of equipment	-	-	-	-
Other capital expenditures	1,131	1,131	-	3,258
Technology	5,100	5,100	-	6,353
Compensated absences	47,736	-	(47,736)	37,473
Telephone	91,541	91,220	(321)	83,544
	<u>\$ 2,666,733</u>	<u>\$ 2,667,145</u>	<u>\$ 412</u>	<u>\$ 2,702,998</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET (CONTINUED)
For The Years Ended June 30, 2010 and 2009

	2010 <u>Actual</u>	2010 <u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>	2009 <u>Actual</u>
<u>Expenditures (continued)</u>				
Operation and maintenance:				
Salaries	\$ 1,098,164	\$ 1,152,695	\$ 54,531	\$ 1,110,536
Contracted services	592,538	591,080	(1,458)	618,777
Utilities:				
Water and sewer	146,745	120,000	(26,745)	123,738
Electricity	354,332	367,600	13,268	368,839
Gas	128,992	132,000	3,008	127,472
Supplies	174,260	206,700	32,440	214,845
Other expenses	105,773	112,750	6,977	115,497
Repairs	4,991	5,200	209	773
Building lease payments	777,002	795,000	17,998	760,830
Vehicle expenses	(71,473)	(61,100)	10,373	(67,000)
Technology	15,858	16,000	142	
Capital expenditures:				
Replacement of equipment	39,963	42,750	2,787	111,108
Other capital expenditures	201,344	193,000	(8,344)	242,901
	<u>\$ 3,568,489</u>	<u>\$ 3,673,675</u>	<u>\$ 105,186</u>	<u>\$ 3,728,316</u>
Grants	<u>\$ 264,607</u>	<u>\$ 315,000</u>	<u>\$ 50,393</u>	<u>\$ 316,201</u>
Non-operating expense	<u>\$ -</u>	<u>\$ 1,517,166</u>	<u>\$ 1,517,166</u>	<u>\$ -</u>
Transfers	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ 35,000</u>
Total expenditures and transfers:	<u>\$ 17,319,842</u>	<u>\$ 19,200,102</u>	<u>\$ 1,880,260</u>	<u>\$ 17,373,621</u>
Revenue over (under) expenditures	\$ 787,446	\$ (3,268,335)	\$ 4,055,781	\$ 1,424,625
Fund balance, beginning	<u>6,883,701</u>	<u>6,916,679</u>	<u>(32,978)</u>	<u>5,459,076</u>
Fund balance, ending	<u>\$ 7,671,147</u>	<u>\$ 3,648,344</u>	<u>\$ 4,022,803</u>	<u>\$ 6,883,701</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2010

	<u>Adult Education</u>	<u>Adult Supplemental Education</u>	<u>Restricted Current Funds</u>	<u>Loan Funds</u>	<u>Construction Fund</u>
<u>ASSETS</u>					
Cash:					
Restricted	\$ -	\$ -	\$ (5,274)	\$ -	\$ -
Unrestricted	<u>69,401</u>	<u>31,922</u>	<u>-</u>	<u>2,787</u>	<u>-</u>
Total	69,401	31,922	(5,274)	2,787	-
Property taxes receivable	-	-	-	-	-
Other receivables	<u>-</u>	<u>-</u>	<u>88,800</u>	<u>2,211</u>	<u>-</u>
Total assets	<u>\$ 69,401</u>	<u>\$ 31,922</u>	<u>\$ 83,526</u>	<u>\$ 4,998</u>	<u>\$ -</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 56,310	\$ 3,133	\$ 21,625	\$ -	\$ -
Accrued payroll	-	-	-	-	-
Deposits held in custody for others	-	-	-	-	-
Compensated absences	-	-	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 56,310</u>	<u>\$ 3,133</u>	<u>\$ 21,625</u>	<u>\$ -</u>	<u>\$ -</u>
<u>NET ASSETS</u>					
Fund balance:					
Restricted	\$ -	\$ -	\$ 61,901	\$ -	\$ -
Unrestricted	<u>13,091</u>	<u>28,789</u>	<u>-</u>	<u>4,998</u>	<u>-</u>
Total fund balance	<u>\$ 13,091</u>	<u>\$ 28,789</u>	<u>\$ 61,901</u>	<u>\$ 4,998</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 69,401</u>	<u>\$ 31,922</u>	<u>\$ 83,526</u>	<u>\$ 4,998</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
BALANCE SHEET
OTHER GOVERNMENTAL FUNDS (CONTINUED)
June 30, 2010

<u>Special Assessment</u>	<u>Dormitory Bond & Interest</u>	<u>Reserve Funds</u>	<u>Capital Outlay</u>	<u>Agency Funds</u>	<u>Total</u>
\$ -	\$ 579,442	\$ 1,009,674	\$ -	\$ -	\$ 1,583,842
<u>87,737</u>	<u>211,988</u>	<u>300</u>	<u>-</u>	<u>1,514,571</u>	<u>1,918,706</u>
87,737	791,430	1,009,974	-	1,514,571	3,502,548
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,011</u>
<u>\$ 87,737</u>	<u>\$ 791,430</u>	<u>\$ 1,009,974</u>	<u>\$ -</u>	<u>\$ 1,514,571</u>	<u>\$ 3,593,559</u>
\$ -	\$ -	\$ -	\$ -	\$ 166,561	\$ 247,629
-	-	-	-	-	-
-	-	-	-	1,348,010	1,348,010
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,514,571</u>	<u>\$ 1,595,639</u>
\$ -	\$ 791,430	\$ 1,009,974	\$ -	\$ -	\$ 1,863,305
<u>87,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,615</u>
<u>\$ 87,737</u>	<u>\$ 791,430</u>	<u>\$ 1,009,974</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,997,920</u>
<u>\$ 87,737</u>	<u>\$ 791,430</u>	<u>\$ 1,009,974</u>	<u>\$ -</u>	<u>\$ 1,514,571</u>	<u>\$ 3,593,559</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
For The Year Ended June 30, 2010

	<u>Adult Education</u>	<u>Adult Supplemental Education</u>	<u>Restricted Current Funds</u>	<u>Loan Funds</u>
<u>REVENUES</u>				
Tuition and fees	\$ -	\$ 27,841	\$ -	\$ -
Property taxes	-	-	-	-
State appropriations	45,908	-	6,236	-
Federal appropriations	122,999	-	7,349,476	-
Interest	-	-	-	-
Other	-	420	177,425	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue	<u>\$ 168,907</u>	<u>\$ 28,261</u>	<u>\$ 7,533,137</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Instruction	\$ 204,799	\$ 43,609	\$ 9,523	\$ -
Academic support	-	-	-	-
Student services	-	-	-	-
Institutional support	-	-	-	-
Operation & maintenance	-	-	567,463	-
Student aid	-	-	7,025,182	-
Debt service:				
Principal (Including specials)	-	-	-	-
Interest & issue costs	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 204,799</u>	<u>\$ 43,609</u>	<u>\$ 7,602,168</u>	<u>\$ -</u>
Revenues over expenditures	\$ (35,892)	\$ (15,348)	\$ (69,031)	\$ -
Other financing sources (uses)				
Interfund transfers	\$ 35,000	\$ -	\$ -	\$ -
Issuance of bonds or certificates	-	-	-	-
Refunding of bonds or certificates	-	-	-	-
Issuance fees	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ (892)	\$ (15,348)	\$ (69,031)	\$ -
Fund balance, beginning	<u>13,983</u>	<u>44,137</u>	<u>130,932</u>	<u>4,998</u>
Fund balance, ending	<u>\$ 13,091</u>	<u>\$ 28,789</u>	<u>\$ 61,901</u>	<u>\$ 4,998</u>

* The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 OTHER GOVERNMENTAL FUNDS (CONTINUED)
 For The Year Ended June 30, 2010

<u>Construction Fund</u>	<u>Special Assessment</u>	<u>Dormitory Bond & Interest</u>	<u>Reserve Funds</u>	<u>Capital Outlay</u>	<u>Total</u>
\$ -	\$ -	\$ 163,340	\$ -	\$ -	\$ 191,181
-	-	-	-	-	-
-	-	-	-	-	52,144
-	-	-	-	-	7,472,475
-	-	37,541	18,647	-	56,188
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>189,845</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,881</u>	<u>\$ 18,647</u>	<u>\$ 12,000</u>	<u>\$ 7,961,833</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,931
-	-	-	-	-	-
-	-	-	-	-	-
-	2,494	-	-	35,300	605,257
-	-	-	-	-	7,025,182
-	-	655,000	-	-	655,000
<u>-</u>	<u>-</u>	<u>339,769</u>	<u>-</u>	<u>-</u>	<u>339,769</u>
<u>\$ -</u>	<u>\$ 2,494</u>	<u>\$ 994,769</u>	<u>\$ -</u>	<u>\$ 35,300</u>	<u>\$ 8,883,139</u>
\$ -	\$ (2,494)	\$ (793,888)	\$ 18,647	\$ (23,300)	\$ (921,306)
\$ (52,913)	\$ -	\$ 847,682	\$ -	\$ -	\$ 829,769
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ (52,913)	\$ (2,494)	\$ 53,794	\$ 18,647	\$ (23,300)	\$ (91,537)
<u>52,913</u>	<u>90,231</u>	<u>737,636</u>	<u>991,327</u>	<u>23,300</u>	<u>2,089,457</u>
<u>\$ -</u>	<u>\$ 87,737</u>	<u>\$ 791,430</u>	<u>\$ 1,009,974</u>	<u>\$ -</u>	<u>\$ 1,997,920</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
ADULT EDUCATION FUND
BALANCE SHEET
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	<u>\$ 69,401</u>	<u>\$ 44,789</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable	\$ 56,310	\$ 30,806
Salaries payable	<u> -</u>	<u> -</u>
Total liabilities	<u>\$ 56,310</u>	<u>\$ 30,806</u>
Fund balance		
Designated for subsequent year's expenditures	\$ 13,091	\$ 13,983
Undesignated	<u> -</u>	<u> -</u>
Total fund balance	<u>\$ 13,091</u>	<u>\$ 13,983</u>
Total liabilities and fund balance	<u>\$ 69,401</u>	<u>\$ 44,789</u>

The accompanying notes are an integral part of the financial statements.

**COWLEY COUNTY COMMUNITY COLLEGE
ADULT EDUCATION FUND
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
For The Years Ended June 30, 2010 and 2009**

	2010 <u>Actual</u>	2010 <u>Budget</u>	Variance- Favorable (Unfavorable)	2009 <u>Actual</u>
Revenue				
State:				
Aid program	\$ 45,908	\$ 65,000	\$ (19,092)	\$ 40,870
Federal:				
Aid program	122,999	100,000	22,999	87,316
Local:				
Refund prior year expenditures	-	-	-	-
Transfers	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total revenue and transfers	<u>\$ 203,907</u>	<u>\$ 200,000</u>	<u>\$ 3,907</u>	<u>\$ 163,186</u>
Expenditures				
Instruction:				
Salaries	\$ 122,936	\$ 122,936	\$ -	\$ 110,006
Supplies	17,870	17,870	-	21,401
Other expenses	45,417	45,417	-	8,727
Equipment	9,918	9,918	-	15,171
Social security	<u>8,658</u>	<u>8,658</u>	<u>-</u>	<u>7,897</u>
Total instruction	\$ 204,799	\$ 204,799	\$ -	\$ 163,202
Non-operating expense	<u>-</u>	<u>9,185</u>	<u>9,185</u>	<u>-</u>
Total expenditures	<u>\$ 204,799</u>	<u>\$ 213,984</u>	<u>\$ 9,185</u>	<u>\$ 163,202</u>
Revenue and transfers over expenditures	\$ (892)	\$ (13,984)	\$ 13,092	\$ (16)
Fund balance, beginning	<u>13,983</u>	<u>13,984</u>	<u>(1)</u>	<u>13,999</u>
Fund balance, ending	<u>\$ 13,091</u>	<u>\$ -</u>	<u>\$ 13,091</u>	<u>\$ 13,983</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
ADULT SUPPLEMENTAL EDUCATION
BALANCE SHEET
JUNE 30, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	\$ <u>31,922</u>	\$ <u>47,996</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable	\$ <u>3,133</u>	\$ <u>3,859</u>
Fund balance		
Unreserved:		
Designated for subsequent year's expenditures	\$ 28,789	\$ 44,137
Undesignated	<u>-</u>	<u>-</u>
Total fund balance	\$ <u>28,789</u>	\$ <u>44,137</u>
Total liabilities and fund balance	\$ <u>31,922</u>	\$ <u>47,996</u>

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
For The Years Ended June 30, 2010 and 2009

	<u>2010</u> <u>Actual</u>	<u>2010</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2009</u> <u>Actual</u>
<u>Revenue</u>				
State:				
Aid program	\$ -	\$ 25,000	\$ (25,000)	\$ -
Student tuition and fees:				
Academic	27,841	225,000	(197,159)	37,958
Other local income	<u>420</u>	<u>225,000</u>	<u>(224,580)</u>	<u>25,075</u>
Total revenue	\$ <u>28,261</u>	\$ <u>475,000</u>	\$ <u>(446,739)</u>	\$ <u>63,033</u>
<u>Expenditures</u>				
Instruction:				
Salaries	\$ 14,801	\$ 34,000	\$ 19,199	\$ 22,802
Supplies	1,833	9,000	7,167	2,057
Other	26,975	31,500	4,525	5,326
Equipment	-	-	-	-
Non-operating expense	<u>-</u>	<u>444,668</u>	<u>444,668</u>	<u>-</u>
Total expenditures	\$ <u>43,609</u>	\$ <u>519,168</u>	\$ <u>475,559</u>	\$ <u>30,185</u>
Revenue and transfers over expenditures	\$ (15,348)	\$ (44,168)	\$ 28,820	\$ 32,848
Fund balance, beginning	<u>44,137</u>	<u>44,168</u>	<u>(31)</u>	<u>11,289</u>
Fund balance, ending	\$ <u>28,789</u>	\$ <u>-</u>	\$ <u>28,789</u>	\$ <u>44,137</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 COMBINING BALANCE SHEET
 CURRENT FUNDS - RESTRICTED
 June 30, 2010

<u>ASSETS</u>	<u>Special Grants</u>	<u>Adminis- trative</u>	<u>DFAFS Control Accounts</u>Total..... June 30,	
				<u>2010</u>	<u>2009</u>
Cash and investments	\$ (21,310)	\$ 104,836	\$ (88,800)	\$ (5,274)	\$ (175,879)
Receivables:					
Other	_____ -	_____ -	_____ 88,800	_____ 88,800	_____ 306,811
Total assets	<u>\$ (21,310)</u>	<u>\$ 104,836</u>	<u>\$ _____ -</u>	<u>\$ 83,526</u>	<u>\$ 130,932</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
 Liabilities					
Salaries payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	_____ 21,625	_____ -	_____ -	_____ 21,625	_____ -
Total liabilities	\$ 21,625	\$ -	\$ -	\$ 21,625	\$ -
 Fund balance					
Restricted (1)	<u>\$ (42,935)</u>	<u>\$ 104,836</u>	<u>\$ _____ -</u>	<u>\$ 61,901</u>	<u>\$ 130,932</u>
Total liabilities and fund balance	<u>\$ (21,310)</u>	<u>\$ 104,836</u>	<u>\$ _____ -</u>	<u>\$ 83,526</u>	<u>\$ 130,932</u>

(1) Not a cash basis violation due to K.S.A. 12-1664.

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CURRENT FUNDS - RESTRICTED
 For the Years Ended June 30, 2010 and 2009

	<u>Special Grants</u>	<u>Student Support Service</u>	<u>Federal Work Study</u>	<u>Federal Supplemental Education Opportunity Grants</u>
<u>Revenue</u>				
Funds provided by:				
Federal government	\$ 441,439	\$ 287,380	\$ 109,698	\$ 55,000
College	-	7,902	34,281	17,187
State	6,236	-	-	-
Other	<u>65,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>\$ 512,830</u>	<u>\$ 295,282</u>	<u>\$ 143,979</u>	<u>\$ 72,187</u>
<u>Expenditures</u>				
Salaries and benefits	\$ 4,306	\$ 287,002	\$ 137,123	\$ -
Administrative expenses	-	-	6,856	3,437
Grant award	-	-	-	68,750
Supplies	-	1,023	-	-
Other	5,217	7,257	-	-
Equipment	<u>567,463</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 576,986</u>	<u>\$ 295,282</u>	<u>\$ 143,979</u>	<u>\$ 72,187</u>
Revenue over expenditures	\$ (64,156)	\$ -	\$ -	\$ -
Fund balance, beginning	<u>21,221</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ (42,935)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CURRENT FUNDS - RESTRICTED (CONTINUED)
 For the Years Ended June 30, 2010 and 2009

<u>Pell Grant</u>	<u>Adminis- trative</u>	<u>Upward Bound Grant</u>Total..... June 30,	
			<u>2010</u>	<u>2009</u>
\$ 6,184,213	\$ 11,254	\$ 260,492	\$ 7,349,476	\$ 4,053,853
-	52,900	-	112,270	106,085
-	-	-	6,236	47,000
-	-	-	<u>65,155</u>	<u>3,711</u>
<u>\$ 6,184,213</u>	<u>\$ 64,154</u>	<u>\$ 260,492</u>	<u>\$ 7,533,137</u>	<u>\$ 4,210,649</u>
\$ -	\$ -	\$ 178,362	\$ 606,793	\$ 470,837
-	59,370	-	69,663	62,342
6,184,213	-	-	6,252,963	3,425,874
-	9,659	20,223	30,905	32,218
-	-	61,907	74,381	162,244
-	-	-	<u>567,463</u>	<u>4,096</u>
<u>\$ 6,184,213</u>	<u>\$ 69,029</u>	<u>\$ 260,492</u>	<u>\$ 7,602,168</u>	<u>\$ 4,157,611</u>
\$ -	\$ (4,875)	\$ -	\$ (69,031)	\$ 53,038
-	109,711	-	<u>130,932</u>	<u>77,894</u>
<u>\$ -</u>	<u>\$ 104,836</u>	<u>\$ -</u>	<u>\$ 61,901</u>	<u>\$ 130,932</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 BALANCE SHEET
 ALL LOAN FUNDS
 June 30, 2010 and 2009

Total..... June 30,	
	2010	2009
<u>ASSETS</u>		
Cash and investments	\$ 2,787	\$ 2,767
Loans receivable	2,211	2,231
Total assets	\$ 4,998	\$ 4,998
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable	\$ -	\$ -
Fund balance		
Unreserved	4,998	4,998
Total liabilities and fund balance	\$ 4,998	\$ 4,998

STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 ALL LOAN FUNDS
 For The Years Ended June 30, 2010 and 2009

	2010	2009
<u>Revenue</u>		
Miscellaneous	\$ -	\$ -
<u>Expenditures</u>		
Loan write off	\$ -	\$ -
Revenue over expenditures	\$ -	\$ -
Fund balance, beginning	4,998	4,998
Fund balance, ending	\$ 4,998	\$ 4,998

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
SPECIAL ASSESSMENT FUND
BALANCE SHEET
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	\$ 87,737	\$ 90,231
Receivables (net of allowance for uncollectibles):		
Taxes	_____ -	_____ -
Total assets	<u>\$ 87,737</u>	<u>\$ 90,231</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Deferred revenue	\$ _____ -	\$ _____ -
Fund balance		
Designated for subsequent year's expenditures	\$ 87,737	\$ 90,231
Undesignated	_____ -	_____ -
Total fund balance	<u>\$ 87,737</u>	<u>\$ 90,231</u>
Total liabilities and fund balance	<u>\$ 87,737</u>	<u>\$ 90,231</u>

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
For The Years June 30, 2010 and 2009

	<u>2010</u> <u>Actual</u>	<u>2010</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2009</u> <u>Actual</u>
<u>Revenue</u>				
Local:				
Ad valorem property tax	\$ -	\$ -	\$ -	\$ -
Delinquent tax	-	-	-	-
Motor vehicle tax	-	-	-	-
In lieu of taxes	-	-	-	-
Recreational vehicle tax	-	-	-	-
Other	_____ -	_____ -	_____ -	_____ -
Total revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Expenditures</u>				
Capital outlay	2494	90231	87737	
Payment of assessments	\$ -	\$ -	\$ -	\$ 9,613
Revenue over expenditures	\$ (2,494)	\$ (90,231)	\$ 87,737	\$ (9,613)
Fund balance, beginning	<u>90,231</u>	<u>90,231</u>	_____ -	<u>99,844</u>
Fund balance, ending	<u>\$ 87,737</u>	<u>\$ -</u>	<u>\$ 87,737</u>	<u>\$ 90,231</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
CONSTRUCTION FUNDS
BALANCE SHEET
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u> <u>Total</u>	<u>2009</u> <u>Total</u>
Cash and investments	\$ -	\$ 53,944
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Due on construction contracts	\$ -	\$ 1,031
Fund balance		
Designated for subsequent year's expenditures	-	52,913
Total liabilities and fund balance	\$ -	\$ 53,944

STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
For The Years Ended June 30, 2010 and 2009

<u>Revenue</u>	<u>2010</u>	<u>2009</u>
Bonds Issued	\$ -	\$ -
Interest income	-	8,274
Total revenue	\$ -	\$ 8,274
 <u>Expenditures</u>		
Construction costs	\$ -	\$ 59,424
Transfer to Student Housing	\$ 52,913	\$ -
Net change in fund balance	\$ (52,913)	\$ (51,150)
Fund balance, beginning	52,913	104,063
Fund balance, ending	\$ -	\$ 52,913

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
DORMITORY BOND AND INTEREST FUND
BALANCE SHEET
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments (Note 4)	\$ 211,988	\$ 178,219
Cash and investments - Debt reserves (Note 4)	<u>579,442</u>	<u>559,417</u>
Total assets	<u>\$ 791,430</u>	<u>\$ 737,636</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts payable	\$ -	\$ -
Fund balance		
Designated for subsequent year's expenditures	<u>791,430</u>	<u>737,636</u>
Total liabilities and fund balance	<u>\$ 791,430</u>	<u>\$ 737,636</u>

STATEMENT OF REVENUE, EXPENDITURES
CHANGES IN FUND BALANCE
For The Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Revenue</u>		
Student fees	\$ 163,340	\$ 375,000
Interest on investments	37,541	20,406
Transfers from auxiliary enterprise funds	794,769	605,000
Transfer - Construction Fund	<u>52,913</u>	<u>-</u>
Total revenue	<u>\$ 1,048,563</u>	<u>\$ 1,000,406</u>
<u>Expenditures</u>		
Principal payments	\$ 655,000	\$ 550,000
Interest payments	<u>339,769</u>	<u>450,342</u>
Total expenditures	<u>\$ 994,769</u>	<u>\$ 1,000,342</u>
Excess of revenues over expenditures	\$ 53,794	\$ 64
Fund balance, beginning	<u>737,636</u>	<u>737,572</u>
Fund balance, ending	<u>\$ 791,430</u>	<u>\$ 737,636</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
RESERVE FUNDS
BALANCE SHEET
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments - Unrestricted	\$ 300	\$ 300
Restricted cash held in trust: (Note 4)		
Reserve for Brown Center	\$ 85,000	\$ 85,000
Reserve for Dorm	242,545	264,544
Principal and interest - Brown Center	682,129	641,482
Student Center	-	1
Track	-	-
	<hr/>	<hr/>
Total restricted cash	\$ 1,009,674	\$ 991,027
	<hr/>	<hr/>
Total assets	\$ 1,009,974	\$ 991,327
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
Fund balance		
Restricted	\$ 1,009,974	\$ 991,327
	<hr/>	<hr/>
Total fund balance	\$ 1,009,974	\$ 991,327
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 1,009,974	\$ 991,327
	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCE
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Revenues</u>		
Interest on investments, net of fees	\$ <u>37,927</u>	\$ <u>21,531</u>
<u>Expenditures</u>		
Use of interest for payments	\$ <u>(19,280)</u>	\$ <u>593</u>
Excess of revenues over expenditures	\$ 18,647	\$ 20,938
<u>Other financing sources</u>		
Issuance of certificates or bonds	\$ -	\$ -
Refunding of certificates or bonds	-	-
Issuance fees	<u>-</u>	<u>-</u>
Net change in fund balance	\$ 18,647	\$ 20,938
Fund balance, beginning	<u>991,327</u>	<u>969,203</u>
Fund balance, ending	<u>\$ 1,009,974</u>	<u>\$ 990,141</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
CAPITAL OUTLAY
BALANCE SHEET
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	\$ -	\$ 63,900
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts Payable	\$ -	\$ 40,600
 <u>Fund balance</u>		
<u>Unreserved:</u>		
Designated for subsequent year's expenditures	\$ -	\$ 23,300
Undesignated	-	-
 Total fund balance	 \$ -	 \$ 23,300
 Total liabilities and fund balance	 \$ -	 \$ 63,900

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
For The Years June 30, 2010 and 2009

	<u>2010</u> <u>Actual</u>	<u>2010</u> <u>Budget</u>	<u>Variance-</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2009</u> <u>Actual</u>
<u>Revenue</u>				
Other local income				
Contributions	\$ 12,000	\$ 350,000	\$ (338,000)	\$ 63,900
 <u>Expenditures</u>				
<u>Capital outlay:</u>				
Other	\$ 35,300	\$ 373,300	\$ 338,000	\$ 40,600
Revenue over expenditures	\$ (23,300)	\$ (23,300)	\$ -	\$ 23,300
Fund balance, beginning	23,300	23,300	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ 23,300

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 AGENCY FUNDS
 BALANCE SHEET
 June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	\$ <u>1,514,571</u>	\$ <u>872,777</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Accounts payable	\$ 166,561	\$ 46,009
Deposits held in custody for others	<u>1,348,010</u>	<u>826,768</u>
 Total liabilities and fund balance	 <u>\$ 1,514,571</u>	 <u>\$ 872,777</u>

STATEMENT OF ADDITIONS AND DEDUCTIONS
 For The Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Principal and Presidential Scholarship	\$ -	\$ 555,974	\$ 555,974	\$ -
Drama	5,113	11,832	16,944	1
Black Student Union	279	-	258	21
S.G.A.	-	-	-	-
A.D.A.A.C.	14,081	1,026	14,494	613
Media	-	8,230	838	7,392
Drama Club	4,427	33,129	24,370	13,186
Foreign Student Club	57	-	-	57
Math Club	2,263	1,420	1,206	2,477
Phi Beta Lambda	3,989	4,784	4,171	4,602
Phi Beta Kappa	3,904	14,659	15,607	2,956
Welding	28	-	-	28
Education	848	-	82	766
R.S.O.	283	-	-	283
V.I.C.A. Cosmetology	126	-	-	126
V.I.C.A. Industrial	241	1,114	1,355	-
Auto Service	3,078	19,017	21,940	155
CCSS	-	34,970	34,970	-
Health Services	-	215	-	215

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STATEMENT OF ADDITIONS AND DEDUCTIONS (CONTINUED)
For The Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Cross Country Track	220	7456	7504	172
Library	3,178	8,065	2,906	8,337
Student - Veteran	514	1,001	460	1,055
Journalism	6,361	856	7,217	-
ACES	327	1,675	1,574	428
Incidental fees	652,504	2,281,619	1,755,883	1,178,240
Men's Basketball	50	75	-	125
CC Fellowship	617	58	19	656
College Republican	50	-	-	50
Administration	37,921	47,980	50,779	35,122
Art Club	523	460	52	931
North Campus Ambassadors	1,272	3,769	3,902	1,139
KIVA	-	405	405	-
Baseball	-	4,250	-	4,250
Volleyball	1,310	169	1,479	-
Softball	17	25	-	42
Danceline	-	12,660	12,660	-
Cowley County Singers	637	3,815	4,452	-
Band	2,670	75	-	2,745
MICT	49,573	82,762	83,787	48,548
Lab Fees	21,868	-	-	21,868
Spirit Squad	4,294	7,329	2,227	9,396
Background check	1,048	8,253	7,716	1,585
Film Club	151	-	-	151
Summer Europe	831	-	831	-
English survey	1,808	-	1,808	-
Creative claws	307	275	376	206
Men's Tennis	-	86	-	86
Total	<u>\$ 826,768</u>	<u>\$ 3,159,488</u>	<u>\$ 2,638,246</u>	<u>\$ 1,348,010</u>

The accompanying notes are an integral part of the financial statements.

**COWLEY COUNTY COMMUNITY COLLEGE
BOOKSTORE
BALANCE SHEET
June 30, 2010 and 2009**

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	\$ 977,838	\$ 787,050
Inventory	383,852	346,700
Fixed assets	506,335	506,335
Accumulated depreciation	<u>(184,630)</u>	<u>(166,136)</u>
Total assets	<u>\$ 1,683,395</u>	<u>\$ 1,473,949</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Accounts payable	<u>\$ 17,580</u>	<u>\$ 23,806</u>
Fund equity		
Contributed capital	\$ 499,110	\$ 499,110
Retained earnings:		
Unreserved	<u>1,166,705</u>	<u>951,033</u>
Total fund equity	<u>\$ 1,665,815</u>	<u>\$ 1,450,143</u>
Total liabilities and fund equity	<u>\$ 1,683,395</u>	<u>\$ 1,473,949</u>

**STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For The Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<u>Operating revenue</u>		
Book sales (net of refunds)	\$ 1,411,701	\$ 1,306,417
Others - Software	115,769	140,599
Book scholarships	-	92,296
Other	<u>-</u>	<u>5,538</u>
Total operating revenue	<u>\$ 1,527,470</u>	<u>\$ 1,544,850</u>
<u>Operating expense</u>		
Cost of sales	\$ 1,053,288	\$ 1,130,197
Salaries	103,056	110,570
Supplies and sales tax	136,960	130,267
Depreciation	<u>18,494</u>	<u>18,494</u>
Total operating expense	<u>\$ 1,311,798</u>	<u>\$ 1,389,528</u>
Net income	\$ 215,672	\$ 155,322
Retained earnings, beginning	<u>951,033</u>	<u>795,711</u>
Retained earnings, ending	<u>\$ 1,166,705</u>	<u>\$ 951,033</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 BOOKSTORE
 BUDGETARY ACCOUNTS
 For The Years Ended June 30, 2010 and 2009

	2010 <u>Actual</u>	2010 <u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>	2009 <u>Actual</u>
<u>Revenue</u>				
Charge for services and goods:				
Book sales (net of refunds)	\$ 1,411,701	\$ 2,100,000	\$ (688,299)	\$ 1,306,417
Others - software	115,769	350,000	(234,231)	140,599
Book scholarships	-	-	-	92,296
Other	-	-	-	<u>5,538</u>
 Total revenue	 <u>\$ 1,527,470</u>	 <u>\$ 2,450,000</u>	 <u>\$ (922,530)</u>	 <u>\$ 1,544,850</u>
<u>Expenditures</u>				
Books and software	\$ 1,090,440	\$ 1,285,600	\$ 195,160	\$ 1,102,255
Salaries and benefits	103,056	116,200	13,144	110,570
Supplies	7,042	9,200	2,158	21,833
Sales tax	129,918	140,000	10,082	108,434
Non operating expense	-	<u>1,405,105</u>	<u>1,405,105</u>	-
 Total expenditures	 <u>\$ 1,330,456</u>	 <u>\$ 2,956,105</u>	 <u>\$ 1,625,649</u>	 <u>\$ 1,343,092</u>
 Revenue over (under) expenditures	 \$ 197,014	 \$ (506,105)	 \$ 703,119	 \$ 201,758
 Fund balance, beginning	 <u>763,244</u>	 <u>506,105</u>	 <u>257,139</u>	 <u>561,486</u>
 Fund balance, ending	 <u>\$ 960,258</u>	 <u>\$ -</u>	 <u>\$ 960,258</u>	 <u>\$ 763,244</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STUDENT HOUSING
BALANCE SHEET
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	\$ 209,035	\$ 262,549
Fixed assets	15,542,272	15,416,275
Accumulated depreciation	<u>(5,455,830)</u>	<u>(4,962,820)</u>
Total assets	<u>\$ 10,295,477</u>	<u>\$ 10,716,004</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Accounts payable	<u>\$ 91,105</u>	<u>\$ -</u>
Fund equity		
Contributed capital	\$ 14,306,153	\$ 14,306,153
Retained earnings	<u>(4,101,781)</u>	<u>(3,590,149)</u>
Total fund equity	<u>\$ 10,204,372</u>	<u>\$ 10,716,004</u>
Total liabilities and fund equity	<u>\$ 10,295,477</u>	<u>\$ 10,716,004</u>

STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For The Years Ended June 30, 2010 and 2009

<u>Operating revenue</u>		
Student fees - Less refunds	\$ 1,764,623	\$ 1,611,874
Miscellaneous	<u>116,116</u>	<u>93,416</u>
Total operating revenue	<u>\$ 1,880,739</u>	<u>\$ 1,705,290</u>
 <u>Operating expense</u>		
Depreciation	\$ 493,010	\$ 488,551
Miscellaneous & supplies	196,294	216,054
Food contract	708,837	644,795
Salaries	<u>199,461</u>	<u>229,456</u>
Total operating expenses	<u>\$ 1,597,602</u>	<u>\$ 1,578,856</u>
Operating income before transfers	\$ 283,137	\$ 126,434
Transfer to Plant fund - For debt retirement	<u>(794,769)</u>	<u>(605,000)</u>
Net income (loss)	\$ (511,632)	\$ (478,566)
Retained earnings, beginning	<u>(3,590,149)</u>	<u>(3,111,583)</u>
Retained earnings, ending	<u>\$ (4,101,781)</u>	<u>\$ (3,590,149)</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
STUDENT HOUSING
BUDGETARY ACCOUNTS
For The Years Ended June 30, 2010 and 2009

	2010 <u>Actual</u>	2010 <u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>	2009 <u>Actual</u>
<u>Revenue</u>				
Charge for services and goods:				
Student fees	\$ 1,764,623	\$ 2,065,000	\$ (300,377)	\$ 1,611,874
Miscellaneous	<u>116,116</u>	<u>75,000</u>	<u>41,116</u>	<u>93,416</u>
Total revenue	<u>\$ 1,880,739</u>	<u>\$ 2,140,000</u>	<u>\$ (259,261)</u>	<u>\$ 1,705,290</u>
<u>Expenditures</u>				
Salaries	\$ 199,461	\$ 275,000	\$ 75,539	\$ 229,456
Supplies	322,291	266,014	(56,277)	216,054
Transfers to plant fund:				
For debt retirement	794,769	800,000	5,231	605,000
Meal contract	<u>708,837</u>	<u>1,067,921</u>	<u>359,084</u>	<u>644,795</u>
Total expenditures	<u>\$ 2,025,358</u>	<u>\$ 2,408,935</u>	<u>\$ 383,577</u>	<u>\$ 1,695,305</u>
Revenue over (under) expenditures	\$ (144,619)	\$ (268,935)	\$ 124,316	\$ 9,985
Fund balance, beginning	<u>262,549</u>	<u>268,935</u>	<u>(6,386)</u>	<u>252,564</u>
Fund balance, ending	<u>\$ 117,930</u>	<u>\$ -</u>	<u>\$ 117,930</u>	<u>\$ 262,549</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 COSMETOLOGY
 BALANCE SHEET
 June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	\$ <u>80,279</u>	\$ <u>84,222</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Accounts payable	\$ _____	\$ <u>600</u>
Fund equity		
Retained earnings - Unreserved	<u>80,279</u>	<u>83,622</u>
Total liabilities and fund equity	<u>\$ 80,279</u>	<u>\$ 84,222</u>

STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 For The Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Operating revenue</u>	\$ _____	
Charge for service	\$ <u>49,953</u>	\$ <u>68,665</u>
<u>Operating expense</u>		
Cost of sales	\$ <u>53,296</u>	\$ <u>51,596</u>
Net income (loss)	\$ (3,343)	\$ 17,069
Retained earnings, beginning	<u>83,622</u>	<u>66,553</u>
Retained earnings, ending	<u>\$ 80,279</u>	<u>\$ 83,622</u>

COWLEY COUNTY COMMUNITY COLLEGE
 COSMETOLOGY
 BUDGETARY ACCOUNTS
 For The Years Ended June 30, 2010 and 2009

	<u>2010</u> <u>Actual</u>	<u>2010</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2009</u> <u>Actual</u>
<u>Revenue</u>				
Charge for service	\$ <u>49,953</u>	\$ <u>80,000</u>	\$ (30,047)	\$ <u>68,665</u>
<u>Expenditures</u>				
Cost of sales	\$ 21,818	\$ 83,622	\$ 61,804	\$ 15,844
Supplies	<u>31,478</u>	<u>80,000</u>	<u>48,522</u>	<u>35,752</u>
Total expenditures	<u>\$ 53,296</u>	<u>\$ 163,622</u>	<u>\$ 110,326</u>	<u>\$ 51,596</u>
Excess of revenue over expenditures	\$ (3,343)	\$ (83,622)	\$ 80,279	\$ 17,069
Fund balance, beginning	<u>83,622</u>	<u>83,622</u>	_____	<u>66,553</u>
Fund balance, ending	<u>\$ 80,279</u>	<u>\$ _____</u>	<u>\$ 80,279</u>	<u>\$ 83,622</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
ATHLETICS
BALANCE SHEET
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and investments	\$ _____	\$ _____
 <u>LIABILITIES AND FUND EQUITY</u>		
Fund equity		
Retained earnings - Unreserved	\$ _____	\$ _____

STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For The Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Operating revenue</u>		
Scholarship	\$ 443,082	\$ 318,303
<u>Operating expense</u>		
Tuition and book grants	\$ 443,082	\$ 318,303
Net income	\$ -	\$ -
Retained earnings, beginning	_____	_____
Retained earnings, ending	\$ _____	\$ _____

COWLEY COUNTY COMMUNITY COLLEGE
ATHLETICS
BUDGETARY ACCOUNTS
For The Years Ended June 30, 2010 and 2009

	<u>2010</u> <u>Actual</u>	<u>2010</u> <u>Budget</u>	Variance- Favorable (Unfavorable)	<u>2009</u> <u>Actual</u>
<u>Revenue</u>				
Scholarships	\$ 443,082	\$ 450,000	\$ (6,918)	\$ 318,303
<u>Expenditures</u>				
Grants	\$ 443,082	\$ 450,000	\$ 6,918	\$ 318,303
Excess of revenue over expenditures	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning	_____	_____	_____	_____
Fund balance, ending	\$ _____	\$ _____	\$ _____	\$ _____

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 ENDOWMENT ASSOCIATION
 BALANCE SHEET (CONTINUED)
 June 30, 2010 and 2009

<u>LIABILITIES AND FUND BALANCE</u>	<u>Tiger Booster Club</u>	<u>Cultural Arts Fund</u>	<u>Scholarship Fund</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ -
Deferred support	-	-	<u>1,245</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,245</u>
<u>Fund balance</u>			
Unrestricted	\$ 25,479	\$ 38,722	\$ 107,490
Temporarily restricted	-	-	190,066
Permanently restricted	-	-	1,778,177
Net assets owned by College	<u>-</u>	<u>-</u>	<u>378,082</u>
Total fund balance	<u>\$ 25,479</u>	<u>\$ 38,722</u>	<u>\$ 2,453,815</u>
Total liabilities and fund balance	<u>\$ 25,479</u>	<u>\$ 38,722</u>	<u>\$ 2,455,060</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 ENDOWMENT ASSOCIATION
 BALANCE SHEET (CONTINUED)
 June 30, 2010 and 2009

Executive Management <u>Fund</u>	Arts Science & Technology <u>Fund</u>	<u>Total</u>	<u>6/30/2009</u>
\$ -	\$ -	\$ -	\$ 346
<u>2,075</u>	<u>-</u>	<u>3,320</u>	<u>6,035</u>
<u>\$ 2,075</u>	<u>\$ -</u>	<u>\$ 3,320</u>	<u>\$ 6,381</u>
\$ 409,682	\$ 13,430	\$ 594,803	\$ 636,273
543,136	3,210	736,412	610,657
-	-	1,778,177	1,706,054
<u>-</u>	<u>-</u>	<u>378,082</u>	<u>372,447</u>
<u>\$ 952,818</u>	<u>\$ 16,640</u>	<u>\$ 3,487,474</u>	<u>\$ 3,325,431</u>
<u>\$ 954,893</u>	<u>\$ 16,640</u>	<u>\$ 3,490,794</u>	<u>\$ 3,331,812</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 ENDOWMENT ASSOCIATION
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
 For The Years Ended June 30, 2010 and 2009

	Tiger Booster <u>Club</u>	Cultural Arts <u>Fund</u>	Scholarship <u>Fund</u>
<u>Revenue</u>			
Contributions	\$ 74,994	\$ 120	\$ 140,502
Concession sales	16,874	-	-
Interest and dividends	-	-	42,654
Other	3,445	8,721	1,906
Gain (loss) on sale of assets	-	-	19,526
Unrealized gain (loss) on stock	-	-	72,104
Grants	-	-	-
Admissions	-	10,660	-
From college	-	-	-
Donated services	5,000	-	-
In kind donations	<u>18,196</u>	<u>2,727</u>	<u>17,256</u>
 Total revenue	 <u>\$ 118,509</u>	 <u>\$ 22,228</u>	 <u>\$ 293,948</u>
<u>Expenses (Schedule of functional expense)</u>			
Scholarships	\$ 78,555	\$ -	\$ 103,186
Insurance	-	-	-
Taxes	1,221	771	-
Other	7,476	4,284	5,805
Supplies & advertising	13,406	616	-
Contracted services	-	10,900	-
Trustee fees	-	-	15,784
Recognition	9,895	-	-
Personnel	5,000	-	-
In kind expenses	18,196	2,727	17,256
To College-Physics Lab	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenses	 <u>\$ 133,749</u>	 <u>\$ 19,298</u>	 <u>\$ 142,031</u>
 Revenues over expenses	 \$ (15,240)	 \$ 2,930	 \$ 151,917
 Beginning fund balance	 33,547	 35,792	 2,304,372
 Transfers	 <u>7,172</u>	 <u>-</u>	 <u>(2,474)</u>
 Ending fund balance	 <u>\$ 25,479</u>	 <u>\$ 38,722</u>	 <u>\$ 2,453,815</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 ENDOWMENT ASSOCIATION
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (CONTINUED)
 For The Years Ended June 30, 2010 and 2009

Executive Management <u>Fund</u>	Arts Science & Technology <u>Fund</u>	<u>Total</u>	<u>Total 6/30/2009</u>
\$ 21,172	\$ -	\$ 236,788	\$ 228,164
-	-	16,874	21,834
21,338	12	64,004	104,063
-	-	14,072	4,425
4,322	-	23,848	(182,800)
64,307	1,511	137,922	(238,002)
-	-	-	2,475
615	-	11,275	7,890
-	-	-	25,000
114,544	-	119,544	118,672
<u>13,159</u>	<u>-</u>	<u>51,338</u>	<u>60,936</u>
<u>\$ 239,457</u>	<u>\$ 1,523</u>	<u>\$ 675,665</u>	<u>\$ 152,657</u>
\$ 3,600	\$ -	\$ 185,341	\$ 208,499
296	-	296	676
557	-	2,549	1,176
6,411	-	23,976	16,023
1	-	14,023	17,684
7,391	-	18,291	35,947
7,295	-	23,079	22,524
2,635	-	12,530	12,442
114,544	-	119,544	118,672
13,159	-	51,338	60,936
<u>62,655</u>	<u>-</u>	<u>62,655</u>	<u>-</u>
<u>\$ 218,544</u>	<u>\$ -</u>	<u>\$ 513,622</u>	<u>\$ 494,579</u>
\$ 20,913	\$ 1,523	\$ 162,043	\$ (341,922)
885,450	66,270	3,325,431	3,667,353
<u>46,455</u>	<u>(51,153)</u>	<u>-</u>	<u>-</u>
<u>\$ 952,818</u>	<u>\$ 16,640</u>	<u>\$ 3,487,474</u>	<u>\$ 3,325,431</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 ENDOWMENT ASSOCIATION
 STATEMENT OF CASH FLOWS
 For The Year Ended June 30, 2010

<u>Cash flows from operating activities:</u>	
Cash received from contributions	\$ 164,665
Cash received from grants	-
Cash received from interest and dividends	64,004
Cash received from other revenue	42,221
Cash disbursed for program expenses	(188,491)
Cash disbursed for general support and fund-raising expenses	<u>(154,595)</u>
 Total cash from operating activities	 <u>\$ (72,196)</u>
 <u>Cash flows from investing activities:</u>	
Purchase of investments	\$ (140,502)
Proceeds from sale of investments	<u>128,149</u>
	\$ (12,353)
 <u>Cash flows from financing activities:</u>	
Permanently restricted contributions	<u>\$ 72,123</u>
 Net increase (decrease)	 \$ (12,426)
 Cash and cash equivalents at beginning of period	 <u>46,438</u>
 Cash and cash equivalents at end of period	 <u>\$ 34,012</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
SCHEDULE OF CASH AND INVESTMENTS
 June 30, 2010

<u>Cash and investments per financial statements</u>	
Total per statement of net assets (excluding endowment)	<u>\$ 14,205,009</u>
 <u>Cash and investments per College records</u>	
Board funds:	
Checking account, Home National Bank	\$ 7,940,899
Certificates of deposit:	
Home National Bank	4,090,000
CornerBank, Winfield	1,000,000
Checking account, Sunflower Bank, Wichita	5,000
Checking account, CornerBank	100
Checking account, Carson Bank	<u>5,000</u>
	\$ 13,040,999
Library:	
3 shares - A. C. Industries stock	300
Financial Aid - Checking account	16,036
Required reserves for certificates of participation held by Security Bank of Kansas City, Kansas City, Kansas	<u>1,147,674</u>
Total	<u>\$ 14,205,009</u>

These cash and investments do not include any of the Cowley County Community Endowment Association.

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 STATEMENT OF CHANGES IN LONG-TERM DEBT
 For The Year Ended June 30, 2010

<u>Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Refunded</u>	<u>Ending Balance</u>
Certificates of participation	\$ 3,955,000	\$ -	\$ 665,000	\$ -	\$ 3,290,000
Revenue bonds	<u>7,980,000</u>	<u>-</u>	<u>655,000</u>	<u>-</u>	<u>7,325,000</u>
Total	<u>\$ 11,935,000</u>	<u>\$ -</u>	<u>\$ 1,320,000</u>	<u>\$ -</u>	<u>\$ 10,615,000</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
 SCHEDULE OF MATURITY OF LONG-TERM DEBT
 For The Year Ended June 30, 2010

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Principal</u>				
Certificates of participation	\$ 680,000	\$ 540,000	\$ 415,000	\$ 435,000
Revenue bonds	<u>680,000</u>	<u>710,000</u>	<u>745,000</u>	<u>760,000</u>
 Total principal	 <u>\$ 1,360,000</u>	 <u>\$ 1,250,000</u>	 <u>\$ 1,160,000</u>	 <u>\$ 1,195,000</u>
<u>Interest</u>				
Certificates of participation	\$ 109,418	\$ 88,312	\$ 71,055	\$ 57,205
Revenue bonds	<u>312,841</u>	<u>279,685</u>	<u>245,091</u>	<u>215,164</u>
 Total interest	 <u>\$ 422,259</u>	 <u>\$ 367,997</u>	 <u>\$ 316,146</u>	 <u>\$ 272,369</u>
 Total principal and interest	 <u>\$ 1,782,259</u>	 <u>\$ 1,617,997</u>	 <u>\$ 1,476,146</u>	 <u>\$ 1,467,369</u>

The accompanying notes are an integral part of the financial statements.

COWLEY COUNTY COMMUNITY COLLEGE
SCHEDULE OF MATURITY OF LONG-TERM DEBT
For The Year Ended June 30, 2010

<u>2015</u>	<u>2016-2020</u>	<u>2021-2025</u>	<u>2026-2027</u>	<u>Total</u>
\$ 285,000	\$ 935,000	\$ -	\$ -	\$ 3,290,000
<u>785,000</u>	<u>1,165,000</u>	<u>1,445,000</u>	<u>1,035,000</u>	<u>7,325,000</u>
<u>\$ 1,070,000</u>	<u>\$ 2,100,000</u>	<u>\$ 1,445,000</u>	<u>\$ 1,035,000</u>	<u>\$ 10,615,000</u>
\$ 42,700	\$ 66,325	\$ -	\$ -	\$ 435,015
<u>183,813</u>	<u>662,954</u>	<u>388,792</u>	<u>69,589</u>	<u>2,357,929</u>
<u>\$ 226,513</u>	<u>\$ 729,279</u>	<u>\$ 388,792</u>	<u>\$ 69,589</u>	<u>\$ 2,792,944</u>
<u>\$ 1,296,513</u>	<u>\$ 2,829,279</u>	<u>\$ 1,833,792</u>	<u>\$ 1,104,589</u>	<u>\$ 13,407,944</u>

The accompanying notes are an integral part of the financial statements.

\$2,080,000*
COWLEY COUNTY COMMUNITY COLLEGE
COWLEY COUNTY, KANSAS
REFUNDING CERTIFICATES OF PARTICIPATION, SERIES B, 2011
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

Appendix B

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

* Subject to change.

APPENDIX B

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

The summaries of the Declaration of Trust, dated as of January 29, 2004, as amended and supplemented by a First Supplemental Declaration of Trust (jointly, the "Declaration of Trust"), the Amended and Restated Lease Purchase Agreement, dated as of January 29, 2004, as amended and supplemented by a First Supplemental Amended and Restated Lease Purchase Agreement (jointly, the "Lease"), the Site Lease (the "Site Lease") and the Continuing Disclosure Instructions contained in this Appendix B do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the principal corporate office of the Trustee, or will be provided by the Trustee to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

Definitions

The definitions of certain words and terms used in this Official Statement are set forth below:

"Additional Certificates" means any Certificates executed and delivered pursuant to Section 3.09 of the Declaration of Trust.

"Arbitrage Instructions" with respect to any series of Certificates means the arbitrage instructions included in a tax compliance agreement or attached to some other form of federal tax certificate delivered by the College concurrently with the execution and delivery of such series of Certificates or any replacement thereof made in accordance with the provisions thereof.

"Authorized Representative" means the Chairperson, the President of the College or Executive Vice President of Business Services, or any other person designated as an Authorized Representative by the Chairperson, such designation being approved by the governing body of the College by a resolution that is filed with the Trustee.

"Available Revenues" means, for any Fiscal Year, any balances of the College from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the College for such Fiscal Year plus any unencumbered balances of the College from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

"Basic Rent" means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion.

"Basic Rent Payment" means a payment of Basic Rent.

"Basic Rent Payment Date" means each March 1 and September 1 during the Lease Term, which commenced originally on September 1, 2004, and which will commence on March 1, 2012 after issuance of the Series B, 2011 Certificates.

"Certificate Payment" means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

"Certificates" means the Series B, 2011 Certificates and any other Additional Certificates.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"College" means Cowley County Community College, Cowley County, Kansas.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the College or the Trustee and related to the authorization, execution, sale and delivery of the Site Lease, the Lease, the Declaration of Trust or the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

"Costs of Issuance Account" means the account by that name, within the Redemption, created by the Declaration of Trust.

"Declaration of Trust" means the Declaration of Trust dated as of January 29, 2004, made by the Trustee, as amended by the First Supplemental Declaration of Trust, dated as of December 15, 2011, and as the same may from time to time be further amended or supplemented in accordance with its terms.

"Directive" means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Trustee, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

"Event of Default" with respect to the Lease has the meaning specified under the caption "SUMMARY OF THE LEASE - Events of Default" and with respect to the Declaration of Trust has the meaning specified under the caption "SUMMARY OF THE DECLARATION OF TRUST - Events of Default."

"Event of Lease Default" means an Event of Default under the Lease.

"Extended Term" means the extended term of the Lease, which extends to and ends on June 30, 2018.

"First Supplemental Declaration of Trust" means the First Supplemental Declaration of Trust, dated as of December 15, 2011, made by the Trustee.

"First Supplemental Lease" means the First Supplemental Lease Purchase Agreement, dated as of December 15, 2011, between the Trustee, as lessor, and the College, as lessee.

"Fiscal Year" means the twelve-month period ending on June 30.

"Funds" means, collectively, the Lease Revenue Fund, the Rebate Fund, the Prepayment Fund and all accounts therein.

"Government Obligations" means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, and (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made

upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates and (c) obligations which are noncallable or for which the call date has been irrevocably determined having an investment rating in the highest rating category of either Moody's or S&P as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations and which mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

"Improvements" means the 2004 Improvements and the 1992 Improvements described in the Lease Agreement, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

"Interest Portion" means the portion of each Basic Rent Payment that represents the payment of interest.

"Lease" or "Lease Agreement" means the Amended and Restated Lease Purchase Agreement dated as of January 29, 2004, between the Trustee, as lessor, and the College, as lessee, as amended and supplemented by the First Supplemental Lease, and as further amended and supplemented from time to time in accordance with its terms.

"Lease Revenue Fund" means the fund by that name established pursuant to the Declaration of Trust.

"Lease Revenues" means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund or account established pursuant to the Declaration of Trust.

"Moody's" means Moody's Investors Service, Inc. and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, "Moody's" shall be deemed to refer to any other nationally recognized securities rating service designated by the College, with notice to the Trustee.

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys' fees, incurred in the collection thereof.

"Notice by Mail" or "Notice" of any action or condition "by Mail" means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates at the addresses shown on the registration books maintained by the Registrar.

"Original Term" means the period from January 29, 2004 (or the date thereafter of delivery of the Lease), until June 30, 2013.

"Outstanding" means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (i) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (ii) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (iii) Certificates whose payment or prepayment has been provided

for in accordance with the Declaration of Trust, and (iv) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

"Owner" of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

"Prepayment Date" means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates which will be a Basic Rent Payment Date.

"Prepayment Fund" means the fund by that name created pursuant to the Declaration of Trust.

"Prepayment Price" means with respect to any Certificate (or portion thereof) the amount specified in the Declaration of Trust.

"Principal Portion" means the principal portion of the Basic Rent Payments.

"Proceeds" means the aggregate moneys initially paid to the Trustee for the Certificates.

"Project" means the Real Property and the Improvements.

"Purchase Price" means the amount designated as such in the Lease that the College must pay to the Trustee to purchase the Trustee's interest in the Project.

"Real Property" means the real property described in the Lease.

"Rebate Fund" means the fund by that name created pursuant to the Declaration of Trust.

"Record Date" means the fifteenth day of the month prior to the applicable Basic Rent Payment Date.

"Redemption Fund" means the Redemption Fund as defined in the Declaration of Trust.

"Refunded Certificates" means the Series A, 2004 Certificates maturing in the years 2012 and thereafter, in the aggregate principal amount of \$2,010,000 and the Series B, 2004 Certificates maturing in the year 2012, in the aggregate principal amount of \$135,000.

"Refunded Certificates Redemption Date" means December 15, 2011.

"Registrar" means the Trustee when acting in that capacity, or its successor as Registrar.

"Rent" means, collectively, Basic Rent and Supplemental Rent.

"Rent Payment" means a payment of Rent.

"Series A, 2004 Certificates" means the Certificates of Participation, Series A, 2004, evidencing a proportionate interest in Basic Rent Payments to be made by Cowley County Community College, Finney County, Kansas, pursuant to a Lease Purchase Agreement, executed and delivered pursuant to the Declaration of Trust, in the original principal amount of \$3,550,000.

"Series B, 2004 Certificates" means the Refunding Certificates of Participation, Series B, 2004, evidencing a proportionate interest in Basic Rent Payments to be made by Cowley County Community

College, Finney County, Kansas, pursuant to a Lease Purchase Agreement, executed and delivered pursuant to the Declaration of Trust, in the original principal amount of \$1,930,000.

"Site Lease" means the Site Lease dated as of January 29, 2004, between the College, as lessor, and the Trustee, as lessee, and as amended and supplemented from time to time in accordance with its terms..

"Special Tax Counsel" means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions.

"State" means the State of Kansas.

"Supplemental Declaration of Trust" means any amendment or supplement to the Declaration of Trust entered pursuant to the Declaration of Trust.

"Supplemental Lease" means any amendment or supplement to the Lease entered pursuant to the Lease.

"Supplemental Rent" means all amounts due under the Lease other than Basic Rent.

"Supplemental Rent Payment" means a payment of Supplemental Rent.

"Term" means, as of December 15, 2011, the period ending April 1, 2018.

"Trust Estate" means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

"Trustee" means Security Bank of Kansas City, Kansas City, Kansas, and its successor or successors and their respective assigns.

"Trustee's Expenses" means, collectively, all out-of-pocket expenses, disbursements and advances (including reasonable attorneys' fees) incurred by the Trustee under the Declaration of Trust in connection with the Certificates, the Site Lease and the Lease.

"1992 Improvements" means the arts, sciences and technology building and auditorium improvements refinanced by the Series B, 2004 Certificates.

"2004 Improvements" means the student services center and gymnasium improvements to be financed from the proceeds of the sale of the Series A, 2004 Certificates.

SUMMARY OF THE DECLARATION OF TRUST

General Provisions

The Declaration of Trust is made by the Trustee. The Declaration of Trust authorizes the Trustee to execute and deliver the Series B, 2011 Certificates, provides the terms of the Series B, 2011 Certificates and provides for various Funds related to the Project and the Lease.

Trust Estate

The Trustee has executed and delivered the Declaration of Trust in order to provide for the issuance of, security for, and payment of the Series B, 2011 Certificates and Series B, 2004 Certificates. It further declares that it will hold in trust for the Owners of the Certificates as a part of the Trust Estate all of the assets, property and interests received by it under the terms of the Declaration of Trust, the Site Lease and the Lease and all agreements and instruments contemplated thereby (except the Rebate Fund and any compensation, indemnification or other amounts which may be due directly to the Trustee under the Declaration of Trust.

Additional Certificates

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in *Section 3.09* of the Declaration of Trust, for the purpose of providing funds to pay all or any part of the cost of (a) repairing, replacing or restoring the Improvements, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Real Property or the acquisition of additional real property to be included as a part of the Real Property or the acquisition, purchase, construction or equipping of additions to or expansions of or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates theretofore Outstanding under the Declaration of Trust.

Establishment of Funds

There is established with the Trustee the following funds and accounts:

- (a) Costs of Issuance Account;
- (b) Lease Revenue Fund, including the Principal Account and the Interest Account;
- (c) Prepayment Fund;
- (d) Redemption Fund; and
- (e) Rebate Fund.

All funds and accounts established pursuant to the Declaration of Trust (other than the Redemption Fund and the Rebate Fund) are held by the Trustee as a part of the Trust Estate for the benefit of the Certificate Owners. The money in all of the funds and the accounts will be held in trust and applied as provided in the Declaration of Trust.

Application of Proceeds of the Series B, 2011 Certificates and Other Moneys

Upon the receipt of payment for the Series B, 2011 Certificates when the same have been sold to the Original Purchaser thereof, proceeds thereof will be paid to the Trustee and applied as follows:

- (a) The Trustee will deposit the accrued interest into the Certificate Payment Fund;

(b) The balance will be transferred to the Trustee for deposit in the Redemption Fund and applied as described herein.

Application of Lease Revenues

Lease Revenues will be deposited, as received, pursuant to the Lease, as follows:

(a) The Basic Rent shall be deposited to the Lease Revenue Fund, as provided in the Declaration of Trust.

(b) Optional prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Prepayment Fund.

(c) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.

Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Redemption Fund

Moneys in the Redemption Fund shall be immediately deposited with the paying agent for the Refunded Certificates. The balance of moneys in the Redemption Fund shall be in the Costs of Issuance Account and shall be applied to pay Costs of Issuance, upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative of the College. Upon payment of all Costs of Issuance, or on February 1, 2012, whichever is earlier, any balance remaining in the Redemption Fund and Cost of Issuance Account shall be transferred and deposited to the credit of the Lease Revenue Fund without further authorization as provided in the Lease. In the event of the acceleration of all the Certificates pursuant to the Lease, any moneys then remaining in the Redemption Fund shall be transferred to the credit of the Lease Revenue Fund and shall be used to pay the Interest Portion and Principal Portion of Basic Rent.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to distribute Basic Rent as received from the College to those entitled thereto, as represented by the Certificates, when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity) pursuant to the Declaration of Trust.

Application of Moneys in the Prepayment Fund

All amounts deposited in the Prepayment Fund shall be used and withdrawn by the Trustee solely to prepay Principal Portions of Basic Rent represented by prepaid Certificates.

Rebate Fund

Moneys shall be deposited in and disbursed from the Rebate Fund in accordance with written instructions from the College to the Trustee prepared in accordance with the provisions of the Arbitrage Instructions attached to the College's Arbitrage Certificate.

Investment of Moneys in Various Funds

Moneys held in the Lease Revenue Fund, the Prepayment Fund, the Redemption Fund, and the Rebate Fund shall, subject to the requirements of the Arbitrage Instructions and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the College, signed by an Authorized Representative of the College, in Investment Securities that mature or are subject to prepayment by the holder prior to the date such funds will be needed.

The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any fund held under the Declaration of Trust whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities will be held by or under the control of the Trustee and will be deemed at all times a part of the Fund or Account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities will be credited to such Fund or Account, and any loss resulting from such Investment Securities shall be charged to such Fund or Account.

For purposes of determining the amount in any Fund or account, the value of any investments shall be computed at the market value thereof (excluding accrued interest), the purchase price thereof (excluding accrued interest) or principal amount, whichever is lower.

The Trustee may make any and all investments through its own bond department or short-term investment department.

Amendments to the Declaration of Trust, the Lease or the Site Lease

The Declaration of Trust, the Lease and the Site Lease and the rights and obligations of the College and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time by an amendment or supplement thereto which the parties thereto may enter into when the written consent of the Trustee and the College, if not a party thereto, and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (i) extend the nominal maturity of any Certificate, or reduce the Principal Portion of Basic Rent represented thereby, or extend the time of payment or reduce the amount of any prepayment price provided in the Declaration of Trust for the payment of any Certificate, or reduce the Interest Portion of Basic Rent payable with respect thereto, or extend the time of payment of the Interest Portion of Basic Rent payable with respect thereto without the consent of the Owner of each Certificate so affected, (ii) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Redemption Fund, the Lease Revenue Fund and the Prepayment Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Redemption Fund and the Lease Revenue Fund, or (iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the preceding paragraph, the Declaration of Trust, the Lease or the Site Lease and the rights and obligations of the College, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time by an agreement which the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes: (i) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Payment of Rent pursuant to the Lease (or any portion thereof), or to surrender any right or power in the Declaration of Trust reserved to or conferred upon the College; provided,

however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (ii) to add to the covenants and agreements of the College in the Site Lease or the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the College; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust, the Site Lease or the Lease, or in regard to matters or questions arising under the Declaration of Trust, the Site Lease or the Lease as the Trustee and the College may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the College, the Trustee or the Trustee and which shall not, in any such case adversely affect the interests in the Trust Estate of the Owners of the Certificates; (iv) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification of the Declaration of Trust under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (v) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation; (vi) to provide for the execution and delivery of Additional Certificates in accordance with the provisions of *Section 3.09* of the Declaration of Trust; or (vii) to make any other change which does not have a materially adverse effect on the rights of the Certificate Owners in the Lease, Basic Rent payable pursuant to the Lease, or any other property rights constituting a part of the Trust Estate.

Opinion of Counsel

In executing or accepting any Supplemental Declaration of Trust or Supplemental Lease permitted by the Declaration of Trust or modification thereby of the Declaration of Trust or the Lease, the Trustee shall be entitled to receive, and, subject to the Declaration of Trust shall be fully protected in relying upon, an opinion of Special Tax Counsel addressed and delivered to the Trustee stating that the execution of such Supplemental Declaration of Trust or Lease is authorized and permitted by and in compliance with the terms of the Declaration of Trust or Lease. The Trustee may, but shall not be obligated to enter into any such Supplemental Declaration of Trust or Supplemental Lease, which affects the Trustee's own rights, duties or immunities under the Declaration of Trust or Lease or otherwise.

Defaults

The occurrence of any of the following events, subject to the provisions permitting waivers of defaults, is defined as an "Event of Default" under the Declaration of Trust:

- (a) Default in the due and punctual payment to the Certificate Owner of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment to the Certificate Owner of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the prepayment date set therefor in accordance with the terms of the Declaration of Trust; or
- (c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the College, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Lease Term immediately due and payable.

Other Remedies Upon an Event of Default

Upon the occurrence of an Event of Lease Default, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Project or the Trustee's interest in the Project and apply the net proceeds thereof to make Certificate Payments and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy is cumulative and in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or now or hereafter existing at law or in equity or by statute.

Rights of Certificate Owners

If an Event of Default under the Declaration of Trust shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred by the Declaration of Trust as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by a Directive executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings under the Declaration of Trust; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

No Owner of any Certificate shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Site Lease, the Lease or the Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder, unless (a) an Event of Default under the Declaration of Trust has occurred; (b) the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding shall have issued a directive to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee shall thereafter fail or shall refuse to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceedings. Such notification, request and indemnity are at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Declaration of Trust and to any action or cause of action for the enforcement of the Declaration of Trust or for the appointment of a receiver or for any other right or remedy thereunder.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of *Article IX* of the Declaration of Trust shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including the Trustee's fees and expenses), be deposited into the Lease Revenue Fund and all moneys in the Lease Revenue Fund together with all moneys in the Prepayment Fund shall be applied as follows:

(a) unless the Principal Portions of Basic Rent represented by all the Certificates shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of the Interest Portions of Basic Rent represented by the Certificates in the order of the maturity of the installments of such interest and, to the payment ratably, according to the amount due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid Principal Portions of Basic Rent represented by any Certificates that shall have become due (other than Principal Portions of Basic Rent represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of this Declaration of Trust) in the order of such due dates, with interest from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the Principal Portions of Basic Rent represented by Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the Certificates.

(b) If the Principal Portions of Basic Rent represented by all Certificates shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Principal Portions and the Interest Portions of the Basic Rent then due and unpaid upon the Certificates without preference or priority of principal over the interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the certificates.

(c) If the Principal Portions of the Basic Rent represented by all Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of *Article IX* of the Declaration of Trust, then subject to the provisions of subparagraph (b) above in the event that the Principal Portions of Basic Rent represented by all the Certificates shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subparagraph (a) above.

Whenever moneys are to be applied as above set forth, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for the application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be a Basic Rent Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever the Principal Portion and the Interest Portion of all Certificates have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Lease Revenue Fund shall be paid to the College.

Defeasance

When (i) the obligations of the College under the Lease shall have been satisfied in connection with the exercise by the College of its option to purchase the Improvements in accordance with the Lease by the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and (ii) the College shall have delivered to the Trustee (x) an opinion of counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and (y) an accountant's certificate verifying the sufficiency of cash or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates and (iii) the College shall have deposited sufficient moneys to pay the fees, compensation and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply the moneys and Government Obligations referred to below to the payment of the Certificates as set forth in the Declaration of Trust.

Payment of Certificates After Discharge of Declaration of Trust

Notwithstanding any provisions of the Declaration of Trust, any moneys held by the Trustee in trust for the payment of the Principal Portions or Interest Portions of Basic Rent represented by any Certificates and remaining unclaimed for four years after the Principal Portion of Basic Rent represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment or by acceleration as provided in the Declaration of Trust), if such moneys were so held at such date, or four years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the College free from the trusts created by the Declaration of Trust, and all liability of the Trustee with respect to such moneys shall thereupon cease. In the event of the repayment of any such moneys to the College as aforesaid, the Owners of the Certificates with respect to which such moneys were deposited shall thereafter be deemed to be general unsecured creditors of the College as lessors under the Lease for amounts equivalent to the respective amounts deposited for the payment of amounts represented by such Certificates and so repaid to the College (without interest thereon), subject to any applicable statute of limitations.

The Trustee

The Trustee shall, prior to an Event of Default under the Declaration of Trust and after the curing of all Events of Default which may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee shall, during the existence of any Event of Default under the Declaration of Trust, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may be removed at any time by direction of the College in writing or by a Directive or shall resign at any time the Trustee shall cease to be eligible or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the property or affairs for the purpose of rehabilitation, conservation or liquidation and thereupon a successor Trustee shall be appointed by notice of any removal or resignation pursuant to this Section shall be given by the Trustee to the College.

The Trustee may at any time resign by giving written notice of such resignation to the College and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee. Upon receiving such notice of resignation, a successor Trustee shall be appointed by a Directive.

SUMMARY OF THE LEASE

General

The Lease has been entered into between the Trustee and the College and contains the terms and conditions under which the Project will be leased to and used by the College.

Lease Term

The Lease Term terminates on June 30, 2018.

Continuation of Lease Term by the College

The College reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Lease Term can be obtained. The College covenants in the Lease that its responsible financial officer will do all things lawfully within his power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law.

Change or Termination by Act of the Kansas Legislature

The College is authorized to enter into the Lease pursuant to K.S.A. 71-201, provided the Lease and any assignment is subject to change or termination at any time by act of the Kansas legislature. If the Lease is terminated pursuant to this provision, the College agrees peaceably to deliver possession of the Project to the Trustee.

Enjoyment of Project

The Trustee shall provide the College during the Lease Term with quiet use and enjoyment of the Project, and the College shall during the Lease Term peaceably and quietly have, hold and enjoy the Project, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The College shall have the right to use the Project for any essential governmental or proprietary purpose of the College, subject to the limitations contained in the Lease. Notwithstanding any other provision in the Lease, the Trustee shall have no responsibility to cause the Improvements to be constructed or to maintain or repair the Project.

The College shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Project, as to the manner and use or the condition of the Improvements. The College shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. The College shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the College to comply with the foregoing provisions. Notwithstanding any provision contained in this paragraph, however, the College shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the College may refrain from complying therewith, if the College furnishes, on request, to the Trustee, at the College's expense, indemnity satisfactory to the Trustee.

Basic Rent

The College will promptly pay all Basic Rent, subject to change or termination of the Lease by act of the Kansas Legislature, on each Basic Rent Payment Date. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the College shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five business days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The College will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Basic Rent Payments scheduled to come due during the Lease Term, and to meet its other obligations for the Lease Term and such funds will not be expended for other purposes.

Amounts applied from the Redemption Fund to pay Interest Portion of Basic Rent and the Principal Portion of Basic Rent evidenced by the Refunded Certificates and the Series B, 2011 Certificates shall be applied in the same manner as Basic Rent and shall be a credit against the College's obligation to make Basic Rent Payments, except that the amount from the Redemption Fund that is to be applied to redeem the Refunded Certificates on the Refunded Certificates Redemption Date shall be applied as an optional prepayment of the Principal Portion of Basic Rent.

Supplemental Rent

The College will pay, subject to change or termination of the Lease by act of the Kansas Legislature as Supplemental Rent (a) all Impositions (as defined in the Lease); (b) all amounts required and all other payments which the College has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of

any rights under the Lease or the Site Lease by the Trustee; (d) all fees and charges of the Trustee as provided in the Lease; and (e) any payments required to be made pursuant to the Arbitrage Instructions.

Rent Payments to Constitute a Current Expense and Limited Obligation of the College

The obligation of the College to pay Rent under the Lease is limited to payment from Available Revenues and constitutes a current expense of the College and not in any way be construed to be a debt of the College in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the College, nor shall anything contained therein constitute a pledge of the general tax revenues, funds or moneys of the College. The College, if necessary, may levy taxes to meet its Lease obligations.

Net Lease; Rent Payments to be Unconditional

The Lease is intended to be net, net, net to the Trustee. Subject to change or termination of the Lease by act of the Kansas Legislature, the obligations of the College to make payment of the Rent Payments and to perform and observe the other covenants and agreements contained therein will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, for any reason, including any failure of the Project to be constructed or installed, any defects, malfunctions, breakdowns or infirmities in the Project or any accident, condemnation or unforeseen circumstances.

Nothing in the Lease will be construed as a waiver by the College of any rights or claims the College may have against the Trustee, but any recovery upon such rights and claims shall be from the Trustee separately.

Increased Basic Rent

Notwithstanding any other provision of the Lease, the Trustee and the College may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the College on any Basic Rent Payment Date to provide funds to pay the costs of (a) repairing, replacing or restoring the Improvements, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Project or the acquisition of additional real property to be included in the Project or the acquisition, purchase construction or equipping of additions to or expansions or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates Outstanding from time to time. Each such Supplemental Lease shall include an amended Exhibit A reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date.

Disclaimer of Warranties

The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition or fitness for particular purpose or fitness for use of the Improvements or any part thereof, or warranty with respect thereto. In no event will the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease or the existence, furnishing, functioning or the College's use of the Improvements or any part thereof.

Impositions

The College shall bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, which may be lawfully imposed upon or against or

be payable for or in respect of the Project, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Project (all of the foregoing being herein referred to as "Impositions").

Contest of Impositions

The College shall have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition which the College is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least ten days before the Imposition complained of becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the College that, in the opinion of counsel, by nonpayment of any such items the interest of the Trustee in the Project will be endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the College shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

Insurance

The College will, during the Lease Term, cause the Improvements to be kept continuously insured against such risks customarily insured against for facilities such as the Improvements and will pay (except as otherwise provided in the Lease) as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) Insurance insuring the Improvements against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the greater of the Principal Portion of the Certificates then Outstanding or the replacement value of the Improvements and issued by such insurance company or companies authorized to do business in the State as may be selected by the College. The replacement value of the Improvements may be determined from time to time at the request of the Trustee or the College (but not less frequently than every five years) by an architect, contractor, appraiser, appraisal company or one of the insurer, to be selected, subject to the insurer's approval, and paid by the College. The policy or policies of such insurance shall name the College and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance shall be applied as provided in the Lease; and installation of the Improvements, the College shall cause to be provided, insofar as the Improvements are concerned, the insurance required by subparagraph (b) below in lieu of the insurance required by this subparagraph (a) to the extent appropriate;

(b) To the extent appropriate, during the acquisition, construction and installation of the Improvements and in lieu of the insurance required in subparagraph (a) of this Section, builder's risk-completed value insurance insuring the Improvements against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Improvements (subject to reasonable loss deductible clauses) issued by such insurance company or companies authorized to do business in the State as may be selected by the College. Such policy or policies of insurance shall name the College and the Trustee as insureds, as their respective interests may appear, and all payments received under such policy or policies by the College shall be paid over to the Trustee;

(c) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the College and the Trustee are named as insureds, in an amount not less than \$500,000 combined single limit for bodily injuries and property damage;

(d) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State;

(e) A leasehold owners policy of title insurance insuring the Trustee's interest in the Real Property under the Site Lease, in an amount not less than \$5,600,000 on the standard ALTA form, subject only to such exceptions as shall be acceptable to the Trustee, with such endorsements and affirmative coverages as may be reasonably required by the Trustee, and issued by a company acceptable to the Trustee and authorized to issue such insurance in the State. At its option, the College may furnish an opinion of counsel, who shall be an attorney or firm of attorneys regularly practicing in the State, and who may be counsel to the College, that infeasible fee simple title to the Land is vested in the College, and that such title is subject to no liens or encumbrances (except easements and rights-of-way of record and other exceptions not affecting marketability or the usefulness of the property for the College's purposes. Said opinion, if furnished, shall speak as of the date of issuance of the Certificates.

(f) Performance, labor and material payment and statutory bonds with respect to the Construction Agreements in the full amount of the Construction Agreements (to the extent bondable) from surety companies qualified to do business in the State.

Maintenance and Modification of Improvements by the College

The College will at its own expense (a) keep the Improvements in a safe condition, (b) with respect to the Improvements, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Improvements in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the College will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Improvements the maintenance, repair, replacement or renewal of which becomes uneconomical to the College because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The College shall not permit or suffer others to commit a nuisance in or about the Improvements or itself commit a nuisance in connection with its use or occupancy of the Improvements. The College will pay all costs and expenses of operation of the Improvements.

The College may, also at its own expense, make from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Improvements. All such additions, modifications or improvements made by the College shall (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Project.

During the Lease Term, the Improvements will be used by the College only for the purpose of performing essential governmental or proprietary functions of the College consistent with the permissible scope of the College's authority.

Financial Statements

The College will annually provide the Trustee with current financial statements, budgets, proofs of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of the College to continue the Lease as may be requested by the Trustee.

Continuing Disclosure

The College covenants and agrees that it will comply and carry out all of the provisions of the Continuing Disclosure Instructions. Notwithstanding any other provision of the Lease, failure of the College to comply with the Continuing Disclosure Instructions shall not be considered a default or an Event of Default under the Lease; provided, however, that the Trustee, pursuant to the Declaration of Trust may (and, at the request of the Owners of Certificates of a majority of the aggregate principal amount in Outstanding Certificates, shall) or any Owners of Certificates may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the College to comply with its obligations under this Section.

Damage, Destruction and Condemnation

The College will bear the risk of loss with respect to the Improvements during Lease Term. If (a) the Improvements or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Project or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the College and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Improvements, unless the College shall have exercised its option to purchase the Trustee's interest in the Project by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the College and shall be held and appropriated by the College for the exclusive purpose of paying Rent under the Lease.

If the College determines that the repair, restoration, modification or improvement of the Improvements is not economically feasible or in the best interest of the College, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the College shall promptly purchase the Trustee's interest in the Project pursuant to the Lease by paying the Purchase Price and such Net Proceeds shall be applied by the College to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the College.

In the Lease, the College acknowledges the provisions pertaining to eminent domain in the Site Lease. The Trustee and College have agreed that the terms of the Site Lease are incorporated in and made a part of the Lease to the same extent as if set forth in full in the Lease. Incorporation of provisions of the Site Lease survives the termination of the Lease for any reason.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to above, and the College has not elected to purchase the Trustee's interest in the Project, the College shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the College shall make any

payments as provided in this paragraph, the College will not be entitled to any reimbursement therefor from the Trustee nor will the College be entitled to any diminution of Rent.

Purchase Option

The College shall have the option to purchase the Trustee's interest in the Project, upon giving written notice to the Trustee at least 60 days before the date of purchase, at the following times and on the following terms :

(a) On any date upon deposit of funds or Government Obligations or both with the Trustee in accordance with the Declaration of Trust, in the amount necessary to provide for the Basic Rent Payments until and on, and the Purchase Price calculated on the Certificates to, the next Basic Rent Payment Date occurring on or after March 1, 20__; or

(b) In the event of substantial damage to or destruction or condemnation (other than condemnation by the College or any entity controlled by or otherwise affiliated with the College) of, or loss of title to, substantially all of the Project, or if, as a result of changes in the constitution of Kansas or legislative or administrative action by the State or the United States, the Site Lease or the Lease becomes unenforceable, on the Basic Rent Payment Date the College specifies as the purchase date in the College's notice to the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due hereunder plus then remaining Principal Portions of Basic Rent for the maximum Lease Term.

Partial Prepayment

The College shall have the option to prepay the Basic Rent Payments in part, upon giving written notice to the Trustee at least 60 days before the date of such prepayment, on any date occurring on or after March 1, 20__, at the Prepayment Price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Prepayment Date.

The Principal Portion of Basic Rent prepaid pursuant to the provisions of the Lease shall be in integral multiples of \$5,000 and shall be credited in inverse order of maturity. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter shall be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion.

Assignment and Subleasing by the College

Except as provided in the Lease, none of the College's right, title and interest in, to and under the Site Lease, the Lease and in the Project may be assigned or encumbered by the College for any reason; except that the College may sublease any one or more parts of the Project if the College obtains an opinion of Special Tax Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Project shall be subject to the Site Lease, the Lease and the rights of the Trustee in, to and under the Site Lease, the Lease and the Project.

Events of Default

Any of the following shall constitute an "Event of Default" under the Lease:

(a) Failure by the College to make any deposits into the Lease Revenue Fund required by the Lease to pay Basic Rent at the time specified in the Lease;

(b) Failure by the College to make any Supplemental Rent Payment when due and the continuance of such failure for ten days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee;

(c) Failure by the College to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee unless such party shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, such party will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the College within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the College in or pursuant to the Site Lease or the Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect or misleading or breached in any material respect on the date when made;

(e) Any provision of the Lease or the Site Lease at any time for any reason cease to be valid and binding on the College, or is declared to be null and void, or the validity or enforceability thereof is contested by the College or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The College becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the College or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the College, is consented to or acquiesced in by the College or is not dismissed within 60 days.

In the event the College fails to comply with the Continuing Disclosure Instructions, such failure shall not be an Event of Default under the Lease.

Remedies on Default

Whenever any Event of Default under the Lease exists, the Trustee will have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the College, the Trustee may declare all Rent payable by the College under the Lease to the end of Term to be due;

(b) With or without terminating the Lease, the Trustee may take possession of the Project (in which event the College shall take all actions necessary to authorize, execute and deliver to the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all

documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all of the College's interest in the Project), and sell the Trustee's interest in the Project or lease the Project or, for the account of the College, sublease the Project continuing to hold the College liable for the difference between (a) the Rent payable by the College under the Lease for the Term, as the case may be, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Project and all brokerage, auctioneers and attorney's fees);

(c) The Trustee may terminate any rights the College may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Project and under the Lease.

SUMMARY OF THE SITE LEASE

Generally

The College and the Trustee have entered into the Site Lease under which the College leases the site for the Improvements constituting the Real Property to the Trustee on the terms and conditions set forth therein.

Term

The term of the Site Lease commenced from January 29, 2004, and ends on March 1, 2023, unless extended or terminated as provided therein.

Rental

As and for rental under the Site Lease and in consideration for the leasing of the Real Property to the Trustee, the Trustee enters into the Lease simultaneously with the delivery of the Site Lease, and directs the Trustee to make deposits from the proceeds of the sale of the Certificates into the funds and accounts established and as set forth in the Declaration of Trust.

Assignments and Subleases

The Trustee will hold the Site Lease and its rights thereunder for the benefit of owners of the Certificates. The Trustee and its assigns may assign the Site Lease and its rights thereunder or lease or sublease the Project without the written consent of the College (i) if the Lease is terminated for any reason, or (ii) if any Event of Default under the Lease has occurred.

Termination

The Site Lease will terminate at the end of its stated term, provided, however, in the event the College makes payment of the Purchase Price or makes all of the Rent Payments pursuant to the Lease and exercises its option to purchase the Trustee's interest in the Project, then the Site Lease is considered assigned to the College and terminated through merger of the leasehold interest under the Site Lease with the fee interest of the College if the College is the owner of the fee interest.

SUMMARY OF THE CONTINUING DISCLOSURE INSTRUCTIONS

The Continuing Disclosure Instructions are executed and delivered by the College in connection with the issuance of the Series B, 2011 Certificates pursuant to the Declaration of Trust and Lease, in which the College covenants to enter into an undertaking to provide certain financial and other information in order to assist the Participating Underwriter in complying with the provisions of the SEC Rule. The College is the only "obligated person" with responsibility for continuing disclosure with respect to the Series B, 2011 Certificates.

Definitions

In addition to the definitions set forth in this *APPENDIX B*, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the College pursuant to the Continuing Disclosure Instructions.

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

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

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosures (www.emma.msrb.org).

"Financial Information" means the financial information of the College described under the heading **"PROVISION OF ANNUAL REPORTS – *Financial Information.*"**

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

"MSRB" means the Municipal Securities Rulemaking Board.

"Operating Data" means the operating data of the College described under the heading **"PROVISION OF ANNUAL REPORTS – *Operating Data.*"**

"Participating Underwriter" means any of the original underwriters of the Series B, 2011 Certificates required to comply with the SEC Rule in connection with offering of the Series B, 2011 Certificates.

"Repository" means the MSRB via EMMA.

"SEC" means the Securities and Exchange Commission of the United States.

Provision of Annual Reports

The College shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the College's Fiscal Year, commencing with the Fiscal Year ended June 30, 2012, file with the Repository, the College's Financial Information and Operating Data (jointly, the "Annual Report"), as follows:

Financial Information. The audited financial statements of the College for such prior Fiscal Year, prepared in accordance with generally accepted auditing standards, in substantially the format contained in ***Appendix A*** to the Official Statement. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available. The accounting basis and the method of preparation of the financial statements of the College are contained in ***Appendix A*** to the Official Statement. The method of preparation and basis of accounting of the Financial Information may not be changed to a basis less comprehensive than contained in the Official Statement, unless the College provides notice of such change in the same manner as for a Material Event.

Operating Data. Updates as of the end of the Fiscal Year of substantially all of the tabular information and data contained in those sections of the Official Statement entitled "Financial Information of the College" and "Debt Structure of the College," and all information contained in those same sections of the Official Statement that is customarily prepared by the College and is publicly available.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the College is an "obligated person" (as defined by the SEC Rule), which have been filed with the Repository, the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the MSRB via EMMA. The College shall clearly identify each such other document so included by reference. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audit report and accompanying financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the College's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event.

If no Dissemination Agent has been appointed, the College shall file the Annual Report; or if the Annual Report is not filed within the time period specified, the College shall send a notice to the Repository of the failure to timely file the Annual Report within 10 Business Days after the date the Annual Report is required to be filed as set forth herein.

Reporting of Material Events

The College 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 Series B, 2011 Certificates, 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 Certificate, or other material events affecting the tax-exempt status of the Series B, 2011 Certificates;
- (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 Series B, 2011 Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the College;
- (13) the consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, 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 Trustee or the change of name of the Trustee, 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 Certificates pursuant to the Declaration of Trust.

Dissemination Agent

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

Annual Reports. If a Dissemination Agent shall be appointed, not later than 15 Business Days prior to the date specified for providing the Annual Report to the Repository, the College shall provide the Annual Report to the Dissemination Agent or the Repository. The Dissemination Agent shall file a report with the College certifying that the Annual Report has been filed pursuant to the Continuing Disclosure Instructions, stating the date it was filed, or that the College has certified to the Dissemination Agent that the College has filed the Annual Report with the Repository. If the Dissemination Agent has not received an Annual Report or has not received a written notice from the College that it has filed an Annual Report to the Repository, by the date required in **Section 2(a)**, the Dissemination Agent shall send a notice to the Repository.

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 College or his or her designee, or such other person as the College shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the College promptly notify the Dissemination Agent in writing whether or not to report the event.

(2) The College will promptly respond in writing to any such request. Whenever the College obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent or otherwise, the College 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 College 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 College shall notify the Dissemination Agent in writing not to report the occurrence.

(3) If the Dissemination Agent has been given written instructions by the College 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 College. 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 Certificates pursuant to the Declaration of Trust.

Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in the Continuing 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 College 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 Continuing Disclosure Instructions. The College hereby appoints the Dissemination Agent and the Designated Agent(s) solely for the purpose of submitting College-approved Annual Reports, Material Event notices, and other notices or reports pursuant to the Continuing Disclosure Instructions. The College may revoke this designation at any time upon written notice to the Designated Agent.

MISCELLANEOUS PROVISIONS

Termination of Reporting Obligation. The College's obligations under the Continuing Disclosure Instructions shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series B, 2011 Certificates. If the College's obligations are assumed in full by some other entity as permitted in the Certificate Resolution, such person shall be responsible for compliance with under the Continuing Disclosure Instructions in the same manner as if it were the College, and the College shall have no further responsibility. If such termination or substitution occurs prior to the final maturity of the Series B, 2011 Certificates, the College shall give notice of such termination or substitution in the same manner as for a Material Event

Amendment; Waiver. The College and the Dissemination Agent, if any, may amend the Continuing Disclosure Instructions (and the Dissemination Agent shall not unreasonably refuse to execute any amendment so requested by the College) and any provision of the Continuing Disclosure Instructions may be waived, provided that: (a) Special Counsel or other counsel experienced in federal securities law matters provides the College and the Dissemination Agent, if any, with its opinion that the undertaking of the College, 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 Continuing Disclosure Instructions; (b) if the amendment or waiver relates to the Annual Report or 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 Series B, 2011 Certificates, or the type of business conducted; and (c) the amendment or waiver is either: (1) approved by the Owners of the Series B, 2011 Certificates in the same manner as provided in the Declaration of Trust with consent of the Owners, or (2) does not in the opinion of Special Counsel materially impair the interests of the Owners or Beneficial Owners of the Series B, 2011 Certificates.

If there is an amendment or waiver, the College shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment

or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of Financial Information or Operating Data being presented by the College. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (a) notice of such change shall be given in the same manner as for a Material Event, and (b) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Noncompliance. In the event of a failure of the College or the Dissemination Agent, if any, to comply with any provision of the Continuing Disclosure Instructions, the Participating Underwriter or any Beneficial Owner of the Series B, 2011 Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the College or the Dissemination Agent, if any, as the case may be, to comply with its obligations under the Continuing Disclosure Instructions. Noncompliance with the provisions of the Continuing Disclosure Instructions shall not be deemed an Event of Default under the Declaration of Trust, and the sole remedy under the Continuing Disclosure Instructions in the event of any failure of the College or the Dissemination Agent, if any, to comply with the Continuing Disclosure Instructions shall be an action to compel performance.

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

Beneficiaries. The Continuing Disclosure Instructions shall inure solely to the benefit of the College, the Dissemination Agent, if any, the Participating Underwriter and Beneficial Owners from time to time of the Series B, 2011 Certificates, and shall create no rights in any other person or entity.

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

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