

NEW ISSUE – BOOK-ENTRY ONLY

RATING: S&P “A”

*The Issuer will elect to treat the Bonds as Direct Subsidy - Taxable Qualified School Construction Bonds under § 54F of the Internal Revenue Code of 1986, as amended (the “Code”) and to receive a direct payment from the federal government equal to a portion of the interest coming due on the Bonds (“Direct Pay Tax Credit Bonds”). The interest on the Bonds is included in gross income for federal income tax purposes. In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law, the interest on the Bonds is excluded from computation of Kansas adjusted gross income. See “TAX MATTERS” herein.*

**\$4,810,000**  
**UNIFIED SCHOOL DISTRICT NO. 200**  
**GREELEY COUNTY, KANSAS (TRIBUNE)**  
**TAXABLE GENERAL OBLIGATION BONDS**  
**(QUALIFIED SCHOOL CONSTRUCTION BONDS - DIRECT PAYMENT TO ISSUER)**  
**SERIES 2011**

**Dated: April 1, 2011**

**Due: September 1, as shown  
on the inside cover hereof**

The Series 2011 Taxable General Obligation Bonds (Qualified School Construction Bonds – Direct Payment to Issuer) (the “Bonds”) will be issued by the Unified School District No. 200 Greeley County, Kansas (Tribune) (the “District” or the “Issuer”), as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bond owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Bonds. Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the principal corporate trust office of the Security Bank of Kansas City, Kansas City, Kansas, as paying agent and bond registrar (the “Paying Agent” and “Bond Registrar”). Interest payable on each Bond shall be paid to the persons who are the registered owners of the Bonds as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner or, in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Semiannual interest of the Bonds will be payable on March 1 and September 1, beginning on March 1, 2012.

The Bonds and the interest thereon will constitute general obligations of the Issuer, payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer.

The Bonds are subject to extraordinary mandatory redemption and optional redemption prior to maturity as described herein. See “THE BONDS - Redemption Provisions” herein.

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about April 1, 2011.

**PiperJaffray®**

The date of this Official Statement is \_\_\_\_\_, 2011

This Preliminary Official Statement and information contained herein are subject to completion or amendment without notice. These securities may not be sold nor an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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**TAXABLE GENERAL OBLIGATION BONDS**  
**(QUALIFIED SCHOOL CONSTRUCTION BONDS - DIRECT PAYMENT TO ISSUER)**  
**SERIES 2011**

Dated: April 1, 2011

**SERIAL BONDS**

<u>Stated Maturity</u> <u>September 1</u> 2025	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP #</u>
	\$4,810,000			

(All plus accrued interest, if any)

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

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

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

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

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

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**UNIFIED SCHOOL DISTRICT NO. 200  
GREELEY COUNTY, KANSAS (TRIBUNE)**

Office of the Board of Education  
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(620) 376-4211  
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Janice Farhenholtz, Vice President  
Sheryl Crotinger, Member  
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Dalene Moser, Member  
Andrew Myers, Member  
Todd Schmidt, Member

**ADMINISTRATIVE OFFICERS**

**SUPERINTENDENT**

Bill Wilson

**CLERK**

Beth Nemechek

**UNDERWRITER**

Piper Jaffray & Co.  
Leawood, Kansas

**BOND COUNSEL**

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Wichita, Kansas

**FINANCIAL ADVISOR**

Ranson Financial Consultants, L.L.C.  
Wichita

**CERTIFIED PUBLIC ACCOUNTANT**

James V. Myers, Chartered  
Tribune, Kansas

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Bonds.

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# OFFICIAL STATEMENT

**\$4,810,000**

**UNIFIED SCHOOL DISTRICT NO. 200  
GREELEY COUNTY, KANSAS (TRIBUNE)  
TAXABLE GENERAL OBLIGATION BONDS  
(QUALIFIED SCHOOL CONSTRUCTION BONDS - DIRECT PAYMENT TO ISSUER)  
SERIES 2011**

## INTRODUCTION

### General Matters

The purpose of this Official Statement is to furnish information relating to Unified School District No. 200, Greeley County, Kansas (Tribune) (the “Issuer” or the “District”), and the Taxable General Obligation School Building Bonds (Qualified School Construction Bonds – Direct Payment to Issuer), Series 2011 (the “Bonds”), of the Issuer, dated April 1, 2011, to be issued in the aggregate principal amount set forth above.

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

The Issuer is a unified school district duly organized and existing under the laws of the State of Kansas. Additional information regarding the Issuer is contained in *APPENDIX A* to this Official Statement.

The materials contained on the cover page, in the body and in the Appendices to this Official Statement are to be read in their entirety. All financial and other information presented herein has been compiled by the Issuer. The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Except to the extent described under the section captioned “LEGAL MATTERS,” Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

### Qualified School Construction Bonds

The American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) and the Hiring Incentives to Restore Employment Act of 2010 (the “Employment Act”) authorize the Issuer to issue taxable bonds known as “Qualified School Construction Bonds” to finance the construction, rehabilitation, or repair of a public school facility, the acquisition of land on which the school is to be constructed with a portion of the bond proceeds, and costs of acquiring equipment to be used in the portions of the school being constructed, renovated or repaired, for which it could otherwise issue tax-exempt bonds. The Issuer has elected, pursuant to § 6431 of the Internal Revenue Code of 1986, as amended (the “Code”) to treat the Bonds, which are “qualified school construction bonds” as defined in § 54F of the Code, as “specified tax credit bonds” in order to receive a subsidy payment from the United States Treasury equal to the lesser of (1) 100% of the interest payable on the Qualified School Construction Bonds or (2) the interest that would have been payable if it were computed based on the tax-credit rate in effect on the date the Qualified School Construction Bonds were sold. This U.S. Treasury subsidy for Qualified School Construction Bonds, if issued, will be paid directly to the Issuer and does not constitute security for the payment of principal of or interest on any Qualified School Construction Bond. Additionally, no holder of any Qualified School Construction Bonds issued by the Issuer will be entitled to any federal income tax credits associated with those Qualified School Construction Bonds. The Issuer has received an allocation sufficient for the issuance of the Bonds from the Kansas Board of Education (“KBOE”) which had received an allocation for school districts in Kansas from the U.S. Secretary of the Treasury (the “Secretary”) pursuant to the Code.

### Definitions

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in “*APPENDIX C – SUMMARY OF FINANCING DOCUMENTS – THE BOND RESOLUTION – DEFINITIONS.*”

## **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 Bond Resolution, hereinafter defined, the Issuer 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 the Municipal Securities Rulemaking Board. This the Issuer’s initial undertaking under the Rule. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds. For more information regarding the Issuer’s continuing disclosure undertaking, see “**APPENDIX C – SUMMARY OF FINANCING DOCUMENTS – THE CONTINUING DISCLOSURE INSTRUCTIONS.**”

## **Additional Information**

Additional information regarding the Issuer and the Bonds may be obtained from the Clerk of the Issuer at the address set forth in the preface to this Official Statement, or from the Underwriter, Piper Jaffray & Co., 11150 Overbrook Road, Suite 310, Leawood, Kansas 66211-2298, (913) 345-3300.

## **THE BONDS**

### **Authority for the Bonds**

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the “State”), including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 25-2018(f), K.S.A. 72-6761, and K.S.A. 10-427 *et seq.* as amended and supplemented from time to time (the “Act”) and a resolution adopted by the governing body of the Issuer on March 14, 2011 (the “Bond Resolution”).

### **Security for the Bonds**

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

**Funds Held Under the Fiscal Agent Agreement.** Under the Fiscal Agent Agreement, a Debt Service Fund, a Costs of Issuance Account and a Project Fund will be established and held by the Fiscal Agent in trust for the benefit of the Issuer and the Owners of the Bonds. There will be deposited in the Costs of Issuance Fund and used to pay the costs of issuing the Bonds, proceeds of the Bonds that, when added to all other amounts retained or paid directly by the Underwriter and constituting costs of issuance, do not exceed two percent (2%) of the principal amount of the Bonds. The remaining net proceeds of the Bonds will be deposited in the Project Fund, and will be disbursed by the Fiscal Agent for the payment of costs of the Project upon receipt of requisition certificates signed by an authorized representative of the Issuer. The Bonds will be subject to extraordinary mandatory redemption to the extent a balance remains in the Project Fund three years after issuance of the Bonds (or at the end of any extension period granted by the Secretary of the Treasury). See “**THE BONDS – Redemptions Provisions – Extraordinary Mandatory Redemption from Unexpended Proceeds of the Bonds**” in this Official Statement.

**Levy and Collection of Annual Tax.** Under the Bond Resolution, the Issuer levies a direct annual tax upon all of the taxable tangible property within the Issuer sufficient to produce the amounts necessary (1) to pay the Debt Service Requirements on the Bonds, including the Debt Service Fund Deposits for the Bonds in the amounts and at the times required under the Bond Resolution, and (2) to the extent that the amount on deposit in the Debt Service Fund is insufficient to pay the Debt Service Requirements as the same becomes due and payable in each year, such additional amount as is necessary to make such payment. Such taxes are to be extended upon the tax rolls in each year, and levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from such taxes are to be deposited in the Bond and Interest Fund and kept separate and apart from all other funds of the Issuer, to be used solely to make the Debt Service Fund Deposits and deposits to the Debt Service Account—Series 2010- B Bonds and to otherwise pay the Bonds as and when they become due, taking into account the fees and expenses of the Paying Agent and Fiscal Agent.

***Mandatory Debt Service Fund Deposits.*** Although the Bonds are not subject to mandatory sinking fund redemption, the Issuer has covenanted to set aside deposits from its ad valorem tax distributions and other funds available to provide for payment of the Bonds, annual amounts into the Principal Account of the Debt Service Fund established with the Fiscal Agent (the “Principal Account Deposits”, to be applied to the payment of the principal amount of the Bonds, at maturity, so that the balance in the Principal Account of the Debt Service Fund on each September 1 equals the following amounts as follows:

<u>September 1</u>	<u>Principal Account Requirement</u>
2012	\$225,009.00
2013	497,891.83
2014	782,370.52
2015	1,078,851.55
2016	1,387,754.97
2017	1,709,514.87
2018	2,044,579.87
2019	2,393,413.50
2020	2,756,776.62
2021	3,135,179.41
2022	3,529,149.04
2023	3,939,230.47
2024	4,365,986.81
2025	4,810,000.00

In the event of a partial redemption of the Bonds pursuant to the redemption provisions of the Bond Resolution, the then current Principal Account Requirement and all subsequent Principal Account Requirements shall be reduced by an amount equal to the percentage of then Outstanding Bonds to be prepaid multiplied by the Principal Account Requirement on the date of such redemption.

The investments in the Principal Account of the Debt Service Fund will be valued annually on September 1 of each year. If at that time the amount in the Principal Account of the Debt Service Fund exceeds the aggregate sum of: (a) the original principal amount of the Bonds divided by the number of years from the Issue Date until the Stated Maturity; (b) times the number of years from the Issue Date until the date of calculation (the Maximum Principal Account Amount”), such excess will be released to the District and deposited to the District’s bond and interest fund. If at that time the amount in the Principal Account of the Debt Service Fund is less than the Principal Account Requirement for the Bonds as a result of a withdrawal or a decrease in value, the District will replenish the Principal Account of the Debt Service Fund so that the amount therein meets the Principal Account Requirement.

The Principal Account of the Debt Service Fund constitutes a sinking fund for the Bonds and, pursuant to § 54A(d)(4)(C) of the Code, amounts on deposit therein may not be invested at a yield exceeding the permitted sinking fund yield published by the Bureau of Public Debt (the “Permitted Sinking Fund Yield”). The Fiscal Agent Agreement provides that money in the Principal Account of the Debt Service Fund will be invested at a yield not greater than the Permitted Sinking Fund Yield. All investment earnings on money in the Principal Account of the Debt Service Fund will be released by the Fiscal Agent to the Issuer on an annual basis to ensure that the Principal Account of the Debt Service Fund is funded at a rate not more rapid than equal annual installments as required by § 54A(d)(4)(C) of the Code. Pursuant to the Fiscal Agent Agreement, the Paying Agent agrees to invest all amounts deposited in the Principal Account of the Debt Service Fund in United States Government Obligations pursuant to written instructions received from the Issuer.

**Description of the Bonds**

The Bonds shall consist of fully registered book-entry-only bonds in the denomination of \$5,000 or any integral multiples thereof (the “Authorized Denomination”) and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated April 1, 2011, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the cover page of this Official Statement. The Bonds shall bear interest (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

## **Designation of Paying Agent and Bond Registrar**

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

Security Bank of Kansas City, Kansas City, Kansas (the “Bond Registrar” and “Paying Agent”) has been designated by the Issuer as paying agent for the payment of principal of and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds, and will also serve as Fiscal Agent pursuant to the Fiscal Agent Agreement.

## **Method and Place of Payment of the Bonds**

The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

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

Notwithstanding the foregoing, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall notify the Issuer of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice not less than 10 days prior to such Special Record Date.

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

## **Payments Due on Saturdays, Sundays and Holidays**

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

## **Book-Entry Bonds; Securities Depository**

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

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interest in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of the Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

### **Registration, Transfer and Exchange of Bonds**

As long as any of the Bonds remain Outstanding, each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register. Bonds may be transferred and exchanged only on the Bond Register as hereinafter provided. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest.

### **Mutilated, Lost, Stolen or Destroyed Bonds**

If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its discretion, may pay such Bond instead of issuing a new Bond. Upon the issuance of any new Bond, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

### **Nonpresentment of Bonds**

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

### **Redemption Provisions**

***Optional Redemption.*** At the option of the Issuer, Bonds will be subject to redemption and payment prior to their Stated Maturity on September 1, 2020, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

***Extraordinary Mandatory Redemption from Unexpended Proceeds of the Bonds.*** The Bonds shall be subject to extraordinary mandatory redemption, in whole or in part, on March 1, 2014, or in the event an Extension Period is granted by the Secretary of the Treasury, on a date determined by negotiations thereof, in Authorized Denominations (rounded up to the next highest Authorized Denomination), at the Redemption Price of 100% (expressed as a percentage of the principal amount) of the Bonds so called for redemption, in an amount equal to the unexpended proceeds of the sale of the Bonds, if any, at the close of the Expenditure Period (or any Extension Period), plus accrued interest thereon to the Redemption Date.

***Selection of Bonds to be Redeemed.*** Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity pursuant to extraordinary mandatory redemption, such Bonds shall be redeemed pro rata from each Owner of a Bond to be redeemed an amount of such Bond determined by multiplying the principal amount of the Bond to be redeemed on the applicable Redemption Date by a fraction, the numerator of which is the principal amount of the Bonds owned by such Owner and the denominator of which is the principal amount of the Bonds Outstanding immediately prior to such Redemption Date, and then rounding the product down to the next lower integral multiple of an Authorized Denomination. The Paying Agent will apply, to the extent possible, any remaining amount of proceeds to redeem such Bonds in Authorized Denominations and will select, by lot, the units to be redeemed from all such Owners, which selection shall be conclusive. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed shall be in Authorized Denominations and all Bonds to remain Outstanding after any such extraordinary mandatory redemption in part shall be in Authorized Denominations. In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized

Denomination of face value shall be treated as though it were a separate Series 2011 Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination value represented by any Series 2011 Bond is selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Series 2011 Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such minimum Authorized Denomination value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Series 2011 Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Series 2011 Bond. If the Owner of any such Series 2011 Bond fails to present such Series 2011 Bond to the Paying Agent for payment and exchange as aforesaid, such Series 2011 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination value called for redemption (and to that extent only).

***Notice and Effect of Call for Redemption.*** Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Series 2011 Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the State Treasurer, the Fiscal Agent and the Purchaser. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Instructions. The Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

## **THE DEPOSITORY TRUST COMPANY**

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

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

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

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

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

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

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

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

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

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

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

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

## **THE PROJECT**

On November 3, 2010 the voters in the District approved the issuance of general obligation bonds in an amount not to exceed \$4,810,000. The Bonds are being issued to pay the estimated \$4,810,000 to pay the costs to repair, remodel and improve the existing elementary school building in the District and make all other necessary improvements appurtenant thereto, including redemption of \$500,000 of temporary bonds issued by the Issuer in 2010 to pay a portion of such costs.

## **SOURCES AND USES OF FUNDS**

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

<b>Sources of Funds:</b>	<b><u>Series 2011</u></b>
Principal Amount of the Bonds	<u>\$4,810,000</u>
<b><i>Total</i></b>	
<b>Uses of Funds:</b>	
Deposit to Project Fund	
Deposit to the Cost of Issuance Account	
Underwriter's Discount	
<b><i>Total</i></b>	

## **RISK FACTORS AND INVESTMENT CONSIDERATIONS**

***A PROSPECTIVE PURCHASER OF THE BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR THE UNDERWRITER.***

### **Legal Matters**

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

### **Limitations on Remedies Available to Owners of Bonds**

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

### **State Aid**

As described in “**APPENDIX A – FINANCIAL INFORMATION – PROPERTY TAX LEVIES AND COLLECTIONS – School District Funding Formula.**” and the sections following in **APPENDIX A**, the State of Kansas provides a substantial portion of the money for the operation of school districts in the State. As with other states, declining State revenues have resulted in reductions in the amount of State aid to school districts for operating purposes. However, the District is obligated to levy unlimited ad valorem taxes to provide for debt service payments on the Bonds regardless of the amount of State aid received.

### **Federal Subsidy Payment**

The Bonds are Qualified School Construction Bonds for which the Issuer has elected to receive a cash subsidy payment from the United States Treasury equal to the lesser of: (a) 100% of the interest payable on the Bonds or (b) the interest that would have been payable if it were computed based on the tax-credit rate in effect on the date the Bonds were sold. The interest subsidy payments from the U.S. Treasury will be made directly to the Issuer and are not security for the payment of principal of or interest on the Bonds.

The priority of the U.S. Treasury making the interest subsidy payment is the same as the U.S. Treasury refunding overpayments of tax. In the event that the Issuer does not receive the interest subsidy payment from the U.S. Treasury in a timely fashion to pay the above-stated amount of the stated interest on each Interest Payment Date for the Bonds, then the Issuer is obligated to pay such amounts from other available funds, including ad valorem taxes that may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, located within the territorial limits of the Issuer. Under current procedures of the U.S. Internal Revenue Service, the Issuer must submit in a timely manner a separate written request for payment of each interest subsidy payment. Failure to comply with these procedures may result in late payment of one or more interest subsidy payments. In addition, under §§ 6401 and 6402 of the Code, the interest subsidy payments are treated as “overpayments” of tax, and the U.S. Internal Revenue Service (the “IRS”) may offset all or a portion of one or more interest subsidy payments against any outstanding tax liability of the Issuer, including unpaid federal payroll taxes, debts owed to other federal agencies, and other federal taxes due.

The Issuer may levy ad valorem taxes only in accordance with the requirements of its adopted budget. Ad valorem property tax levies are based on the adopted budget of the Issuer and the assessed valuations provided by the County appraiser. The budget of the Issuer for the next succeeding fiscal year is adopted prior to August 25 of each year. In adopting its annual budget, the Issuer will anticipate that the interest subsidy payments will be received by the Issuer from the U.S. Treasury on a timely basis. Accordingly, if any interest subsidy payment is not received by the Issuer on a timely basis, the Issuer may not have sufficient cash resources to make the full interest payment on that date. Any such shortage may not be able to be raised until the next budget cycle. See “**APPENDIX A – FINANCIAL INFORMATION – Accounting, Budgeting and Auditing Procedures**” for a discussion of the budget process and “**APPENDIX A – FINANCIAL INFORMATION – Property Tax Levies and Collections – Tax Collections**” for a discussion of the tax collection process. Therefore, there can be no assurance that the Issuer will have sufficient cash resources to make on a timely basis the full interest payment on the Bonds if the Issuer does not receive the interest subsidy payments on a timely basis.

### **Premium on Bonds**

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

### **Suitability of Investment**

Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment.

### **No Additional Interest or Mandatory Redemption upon Event of Taxability**

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

### **Market for the Bonds**

**Bond Rating.** The Bonds have been assigned the financial ratings set forth in the section hereof entitled “**BOND RATINGS.**”

**Secondary Market.** There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. It is the present practice of the Underwriter, however, to make a secondary market as dealers in issues of municipal bonds which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Bonds, but is not obligated to do so. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in the Bonds as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Bonds are in default as to principal and interest payments, and other factors which in the opinion of the Underwriter may give rise to uncertainty concerning prudent secondary market practices.

## **BOND RATING**

Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. has assigned an independent rating of “A” to the Bonds. Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any bonds, including the Bonds, or as to the market price or suitability thereof for a particular investor. The Issuer furnished such rating agency with certain information and materials relating to Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Bonds.

## ABSENCE OF LITIGATION

The Issuer, in the ordinary course of business, is a party to various legal proceedings. In the opinion of management of the Issuer, any judgment rendered against the Issuer in such proceedings would not materially adversely effect the financial position of the Issuer.

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

## LEGAL MATTERS

### Approval of Bonds

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the matters appearing in the sections of this Official Statement captioned "THE BONDS," "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX C – SUMMARY OF FINANCING DOCUMENTS." Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds.

### Certain Relationships

Bond Counsel has represented the Underwriter in transactions unrelated to the issuance of the Bonds, but is not representing the Underwriter in connection with the issuance of the Bonds.

## TAX MATTERS

### General

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

### Opinion of Bond Counsel

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

### Tax Matters Applicable to the Bonds

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, OWNERS OF THE BONDS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE BONDS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY OWNERS OF THE BONDS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THOSE OWNERS UNDER THE CODE; (B) THE DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFICIAL STATEMENT RELATING TO THE BONDS WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THOSE BONDS; AND (C) OWNERS OF THE BONDS SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR BASED ON THEIR PARTICULAR CIRCUMSTANCES.

## **Federal Tax Status of Bonds as Qualified School Construction Bonds; Interest on Bonds Taxable**

**Election.** The Issuer will elect to treat the Bonds as “qualified school construction bonds” under § 54F of the Code and will elect under § 6431 of the Code to treat the Bonds as “specified tax credit bonds” eligible to receive a direct payment from the U.S. Treasury equal to the interest payable on the Bonds (“Direct Pay Tax Credit Bonds”).

**Bond Interest Taxable.** The interest on the Bonds will be included in gross income for Federal income tax purposes in accordance with the owner’s normal method of accounting.

**No Opinion.** Bond Counsel is not rendering any opinion to owners of the Bonds regarding the qualification of the Bonds as Direct Pay Tax Credit Bonds or the treatment of interest on the Bonds for federal income taxation. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## **Other Federal Income Tax Consequences Applicable to Owners of Bonds**

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

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

## **FINANCIAL ADVISOR**

Ranson Financial Consultants, L.L.C., Wichita, Kansas, has acted as Financial Advisor to the Issuer in connection with the sale of the Bonds. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Bonds. The Financial Advisor will not be a manager or a member of any underwriting group submitting a proposal for the purchase of the Bonds. The fees of the Financial Advisor are contingent upon the issuance of the Bonds.

## **UNDERWRITING**

The Bonds have been sold by the Issuer to Piper Jaffray & Co., Leawood, Kansas (the "Underwriter"). The Bonds are being purchased for reoffering by the Underwriter at a price equal to 100% of the principal amount of the Bonds, less an underwriting discount of \$\_\_\_\_\_.

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

The Underwriter has entered into an agreement (the “Distribution Agreement”) with Advisors Asset Management, Inc. (“AAM”) for the distribution of certain municipal securities offerings allocated to the Underwriter at the original offering prices. Under the Distribution Agreement, if applicable to the Bonds, the Underwriter will share with AAM a portion of the fee or commission, exclusive of management fees, paid to the Underwriter.

**AUTHORIZATION OF OFFICIAL STATEMENT**

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

**UNIFIED SCHOOL DISTRICT NO. 200  
GREELY COUNTY, KANSAS (TRIBUNE)**

By: \_\_\_\_\_  
President, Board of Education

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## APPENDIX A

### INFORMATION CONCERNING THE DISTRICT

#### GENERAL

##### Size and Location

The District is located in Tribune, Kansas, (Greeley County) located in western region of Kansas adjacent to the border of Colorado. The District encompasses approximately 783 square miles and has a current estimated population of 1,234 persons. The District has a current student enrollment of 215.

##### Government and Organization of the District

The School District was formed in the 1965 as part of the Kansas School Unification Program. A seven member Board of Education governs the District. The Board members are all elected at large and serve staggered four year terms.

##### District Facilities

Unified School District No. 200, Greeley County, Kansas (Tribune), operates 1 elementary school, 1 middle school and 1 senior high.

##### Enrollment

The following table lists the history of enrollment in the District's schools for the years indicated.

<u>Year*</u>	<u>Elementary</u>	<u>Middle</u>	<u>Senior High</u>	<u>Total</u>
2000/01	158	57	103	318
2001/02	155	52	106	313
2002/03	142	49	103	294
2003/04	140	50	93	280
2004/05	110	N/A	74	265
2005/06	120	42	95	248
2006/07	88	53	87	225
2007/08	87	54	88	232
2008/09	84	44	84	210
2009/10	82	47	82	215

\* In school year 2006/07 sixth grade moved from the elementary school into the junior/senior high school.

All of the District's schools are rated "comprehensive" by the State Department of Education, which is the highest rating attainable. Such rating reflects the evaluation of the Department in all areas of the School District's operation including curriculum, facilities, teaching staff, administrative staff, etc. Such rating does not constitute and is not intended to imply any credit evaluation of the Bonds.

##### Other Area Educational Facilities

There are no parochial schools located in the District. The Garden City Community College and Colby Community College are located within 100 miles of the District and both provide a two-year curriculum and vocational and technical courses of study. Fort Hays State University is located within 165 miles of the District.

### **Municipal Services and Utilities**

The City of Tribune owns and operates its waterworks system, sewerage treatment plant, municipal swimming pool, city airport, fire department, and police department. Midwest Energy supplies natural gas and Wheatland Electric supplies electricity to the area. Telephone service is provided by Sunflower Telephone and Classic Cable operates a cable television system in the District.

### **Transportation and Communication Facilities**

The area is served by Kansas highways 96, 27 and has easy access to U.S. Interstate-70 to the north. No Motor freight lines or rail lines serves the District. Airport is located within 1 mile of the District and provides a runway capable of handling private and corporate aircraft. Regularly scheduled air service is available at Garden City Airport, located 85 miles from the District.

### **Medical Facilities**

Greeley County Hospital located in the District provides an 18 bed facility. Major medical service is available in Garden City, Kansas, located within 85 miles of the District. There is one nursing home and three medical doctors currently located in the area.

### **Recreational and Cultural Facilities**

There is recreation available in the area including a movie theater, swimming pool golf course, and tennis courts.

## **ECONOMIC INFORMATION**

Agriculture and livestock are principal commercial activities in the District's immediate geographical area.

### **Major Employers**

Listed below are the major employers located in or near the District and the number employed by each:

<b><u>Employer</u></b>	<b><u>Employees</u></b>
Greeley County Health Services	140
Unified Greeley County	111
Greeley County Schools*	68
Celtic Dairy	31
United Plains Ag	18
Dixon Drug	17
Dairy Ventures	10-15
Gooch's Venture Foods	8
Colorado East Bank & Trust	8
Wheatland Electric	5
FairPoint Communications	4

*Source:* County Clerk

## Labor Force

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

### GREELEY COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2001	797	769	28	3.5%
2002	780	755	25	3.2
2003	791	762	29	3.7
2004	770	738	32	4.2
2005	742	711	31	4.2
2006	736	713	23	3.1
2007	696	674	22	3.2
2008	727	701	26	3.6
2009	729	701	28	3.8

### STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2001	1,408,103	1,347,715	60,388	4.3%
2002	1,424,054	1,350,960	73,094	5.1
2003	1,445,385	1,364,787	80,598	5.6
2004	1,460,866	1,379,963	80,903	5.5
2005	1,465,930	1,391,369	74,561	5.1
2006	1,470,819	1,407,071	63,748	4.3
2007	1,485,237	1,425,049	60,188	4.1
2008	1,496,943	1,431,340	65,603	4.4
2009	1,518,921	1,416,940	101,981	6.7

*Source:* Kansas Statistical Abstract

## Agriculture

The following table lists the total value of field crops, livestock/poultry and cattle/milk produced in Greeley 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>
2000	\$21,117,000	\$23,787,000	N/A	\$44,904,000
2001	22,058,000	25,224,000	N/A	47,282,000
2002	6,090,000	N/A	\$21,975,000	28,065,000
2003	29,667,000	N/A	30,885,000	60,552,000
2004	18,092,000	N/A	26,472,000	44,564,000
2005	28,326,000	N/A	28,702,000	57,028,000
2006	35,213,000	N/A	27,420,000	62,633,000
2007	64,552,000	50,858,000	N/A	115,410,000

*Source:* Kansas Statistical Abstract

## Retail Sales Tax Collections

The following table lists the State of Kansas sales tax collections for the years indicated for sales occurring in Greeley County, Kansas:

<u>Year</u>	<u>Sales Tax Collections</u>	<u>Per Capita Sales Tax</u>
2000	\$459,594	\$293.93
2001	462,814	290.37
2002	402,176	273.93
2003	516,462	291.07
2004	525,593	384.32
2005	567,805	382.29
2006	538,130	429.19
2007	556,134	398.87
2008	596,195	447.63
2009	561,045	460.24

*Source:* Kansas Statistical Abstract

## Oil Production

The oil production (in number of barrels) for Greeley County for the years listed is indicated in the following table:

<u>Year</u>	<u>Oil Production</u>	<u>Year</u>	<u>Oil Production</u>
2000	184,831	2005	174,614
2001	140,936	2006	185,602
2002	125,123	2007	164,352
2003	139,803	2008	199,045
2004	141,238	2009	193,135

*Source:* Kansas Statistical Abstract

## Financial and Banking Institutions

There are currently one banks with one location in Greeley County. For the years listed, bank deposits of the County's banks are as follows (in thousands of dollars):

<u>Year</u>	<u>Total Bank Deposits</u>	<u>Year</u>	<u>Total Bank Deposits</u>
2000	\$25,075,000	2005	\$33,000,000
2001	25,569,000	2006	35,000,000
2002	28,274,000	2007	35,000,000
2003	30,060,000	2008	39,000,000
2004	34,559,000	2009	40,000,000

*Source:* Kansas Statistical Abstract

## Population

The following table shows the approximate population of the District and Greeley County in the years indicated:

<u>Year</u>	<u>District Population</u>	<u>Greeley County Population</u>
1960	530	2,087
1970	515	1,819
1980	361	1,846
1990	369	1,774
2000	318	1,534
2009	215	1,234

The median age of persons in Greeley County and the State of Kansas is 38.6 and 35.2, respectively, per the 2000 Census.

*Source:* Kansas Statistical Abstract

## Personal Income

The Greeley County total personal income and per capita personal income and the State of Kansas per capita personal income are listed for the years indicated in the following table.

<u>Year</u>	<u>Greeley County Personal Income</u>	<u>Greeley County Per Capita Personal Income</u>	<u>State of Kansas Per Capita Personal Income</u>
2000	\$46,496,000	\$30,192	\$28,477
2001	50,833,000	33,073	29,668
2002	30,563,000	21,269	29,758
2003	60,643,000	43,565	30,824
2004	37,396,000	27,040	31,922
2005	47,472,000	36,046	33,136
2006	34,250,000	26,695	35,764
2007	52,120,000	40,123	37,414
2008	74,914,000	57,756	38,886

*Source:* Kansas Statistical Abstract

## FINANCIAL INFORMATION

### Accounting, Budgeting and Auditing Procedures

The District's financial statements are presented in compliance with the cash basis and budget laws of Kansas. Revenues are recognized when cash is received and expenditures are recognized when an amount is encumbered. An amount is encumbered when the District makes a purchase order, contract or other commitment for the expenditure, in order to reserve that portion of the applicable budget appropriation. When the related goods or services are received and subsequently paid, the payment is recorded in the applicable budgetary funds account and the encumbrance is canceled.

The District prepares its financial statements in compliance with the cash basis and budget laws of Kansas; consequently, revenues are recognized when received rather than when earned, and expenses are recognized when the commitment is made rather than when the obligation is incurred. In addition, the District's financial statements do not reflect the general fixed assets of the District. Financial statements prepared on this basis of accounting are not intended to reflect the financial position and results of operations in accordance with generally accepted accounting principles.

The District's fiscal year is mandated to run from July 1 to June 30. An annual budget for the coming eighteen months is required to be prepared by the District, for all funds not exempt from the budget requirement. A computation of estimated receipts and disbursements is prepared and presented to the governing body of the District prior to August 1. A public hearing is held and a final budget adopted prior to August 25th.

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 District 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 James V. Myers, Chartered, Tribune, Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audited financial statements for the Fiscal Year ended June 30, 2010 are attached hereto as *Appendix B*.

### **Property Valuations**

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

All property in the state of Kansas has been reevaluated as a result of a bill passed by the 1985 session of the Kansas Legislature requiring county appraisers to reassess property for tax purposes, with an effective date of January 1, 1989. In conjunction with the November 1986 general election, Kansas voters approved a proposition to modify the state constitution with respect to classification of property for ad valorem taxation. For taxable years 1989 through 1992, real and personal property was divided into classes and assessed at different percentages of fair market value. Land devoted to agricultural use was valued on the basis of its agricultural income or productivity and assessed at 30% of the value so obtained; commercial and industrial machinery and equipment was assessed at 20% of its fair market value; residential property and vacant lots were assessed at 12% of fair market value; and all other property was assessed at 30% of fair market value. Farm machinery and equipment, merchants' and manufacturers' inventories, and livestock were exempt from property taxation.

In conjunction with the November, 1992 general election, Kansas voters approved a proposition to further modify the state constitution with respect to classification of property for ad valorem taxation. The modified classification provisions shall be effective for assessment and taxation of property on and after January 1, 1993 and each year thereafter. Property is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 20%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its

economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

### **Machinery and Equipment Tax Exemption**

The 2006 Kansas Legislature passed House Bill 2583, which exempts from property taxation all commercial and industrial machinery and equipment acquired after July 1, 2006. The exemption also includes railroad and telecommunication equipment acquired after that date. Over time, this exemption will decrease the types of property included in assessed valuation of Kansas cities and counties.

### **Assessed Valuation**

The following table shows the assessed valuation of the District during the following years:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>State Assessed Utilities</u>	<u>Total Assessed Valuation</u>
2010	\$12,030,250	\$7,148,156	\$8,915,763	\$28,094,169
2009	12,488,907	13,496,358	9,096,312	35,081,577
2008	13,552,457	11,790,719	9,986,279	35,387,819
2007	14,759,548	11,474,773	9,568,700	35,947,806
2006	16,339,059	16,179,598	8,200,447	40,753,121
2005	17,572,615	11,579,040	8,279,358	35,471,225

\*Does not include Motor Vehicle Valuation

Source: County Clerk

### **Estimated Actual Valuation**

Based on assessed values provided by the County Clerk's Office and estimated average assessment percentages the following table provides the estimated actual valuation of all taxable tangible property in the District in the years indicated:

<u>Year</u>	<u>Estimated Actual Valuation</u>
2010	\$175,588,556
2009	219,259,856
2008	220,809,093
2007	224,393,881
2006	254,494,400
2005	221,448,818

\*Does not include Motor Vehicle Valuation

### **Property Tax Levies and Collections**

#### **School District Funding Formula**

*Overview.* In 1992 the Kansas Legislature made significant changes to the method of funding primary and secondary public education in the state. These changes were made in response to a lawsuit brought forth by several school districts. The Governor of the State of Kansas signed this legislation (the "Kansas School Finance Plan" or the "Plan") into law in early 1992. A number of modifications were made to the Plan in subsequent sessions of the Kansas Legislature. The primary effects of the Plan were to shift the majority of responsibility for funding primary and secondary public education to the state, equalize statewide property tax rates for education, and equalize the per-

pupil spending of school districts. The Plan provided for state aid to assist districts with principal and interest payments on voted general obligation bond issues; however, it did not impact a school district's obligation to provide for the payment of the principal of and interest on its existing and future general obligation bonded indebtedness. Various amendments to the Plan have been made by the Kansas Legislature. Litigation was instituted in 1999 against the State, which resulted in various court decisions and subsequent legislative changes to the Plan. The Plan, as amended, is summarized below. Subsequent litigation was instituted in 2010 against the State based on funding levels to implement the Plan (see the subsection hereof entitled "*Pending Litigation*").

*Funding for the Plan.* Funding for the Plan involved implementing a number of changes to the property, sales and income tax structures in the state. The following is a brief summary of these changes.

*Local Effort Property Taxes.* In an effort to provide a uniform property tax rate for education across the state, a fixed general fund mill levy was implemented. Each district was required to levy taxes for its general fund at the following rates:

<u>School Year(s)</u>	<u>Mill Levy</u>
1992/1993	32
1993/1994	33
1994/1997	35
1997/1998	27
1998/2011	20

The Plan was also modified to exclude the first \$20,000 of appraised valuation of each parcel of residential property from the general fund mill levy. All other taxable tangible property within a district is subject to this uniform tax rate. ***The District's Bond and Interest Fund, from which principal and interest payments are financed, is exempt from this tax limitation.***

The effect of the Plan's property tax equalization effort was to cause the majority of districts to experience significant declines in their property tax rates, while a small number of districts with higher assessed valuations experienced increases. To make up the revenue lost by lowering property taxes in the majority of Kansas school districts, several revenue enhancements were adopted or increased to provide a source of funds for state financial aid to school districts, including changes to State sales and income taxes.

*Sales and Use Tax.* The statewide sales and use tax was increased from 4.25% to 4.90% effective July 1, 1992. Additionally, several goods and services which had previously been exempt were now made subject to the tax or taxed at a reduced rate of 2.50%. Effective July 1, 2002, the statewide sales and use tax was increased to 5.30%. Effective July 1, 2010, the statewide sales and use tax was increased by 1%; 0.6% of which will sunset on June 30, 2013.

*Income Taxes.* Several changes were made to individual and corporate income tax rates and levels of income at which the taxes became effective. The net effect of these changes was to slightly decrease individual income taxes in the lower income levels while increasing rates for higher levels of income. Additionally, certain deductions to taxable income that had previously been allowed, such as federal income taxes, were removed.

*General Fund Operations.* Revenue to support general fund operations is provided to districts through state financial aid ("SFA"). Total SFA is calculated each year by multiplying base state aid per pupil ("BSAPP") by the adjusted enrollment of a district. Adjusted enrollment means the district's full-time enrollment adjusted by certain weighting factors which result in adjusting the SFA. Generally, weighting factors are available for special education students, the opening of new facilities, students considered "at-risk" and "non-proficient," students transported over certain distances, students in districts with very low, very high, or declining enrollments, and students in special programs such as bilingual and vocational education, virtual education and preschool.

BSAPP is determined by statute, subject to reduction in the amount of legislative appropriations from the state general fund for general state aid and Governor executive orders based on revenue collections for such purposes. The original 1992 BSAPP was \$3,600 which was incrementally increased to \$4,492 for school year 2009-2010 and each year thereafter. Subsequent Legislative appropriation reductions and executive orders have reduced BSAPP to \$4,012 for school years 2009-2010 and 2010-2011.

The amount of SFA that a district actually receives each year from the State is offset by the district's local revenue generating effort. The local effort generally includes the fixed general fund property tax levy, motor vehicle tax collections and any remaining fund balances. If the local effort is insufficient to generate the BSAPP, then the balance of funds needed is provided by the state. If the local effort generates in excess of the BSAPP, then the surplus must be remitted to the state.

The District's general state aid entitlement is paid monthly from the state school district finance fund during July through May according to the amount needed to meet operating expenses with the balance paid in June. Any amount not so paid in June shall be paid on July 1 or as soon thereafter as funds are available for such payment, which shall be recorded and accounted by the district as received on June 30.

*Funds and Accounts.* Several different fund categories are created and authorized by the Plan, including: (a) the general fund from which operating expenses are paid, (b) the supplemental general fund (Local Option Budget), (c) the contingency reserve fund, which may not exceed 10% of the general fund budget for school years 2008-09 through 2011-12 and 6% of the general fund thereafter, (d) program-weighted funds for expenditures for program-weighted items such as vocational education and bilingual education, (e) categorical funds such as special education, food service, driver training, virtual school, etc., (f) a special liability expense fund, (g) a special reserve fund, (h) a textbook and student materials revolving fund, and (i) tuition reimbursement fund. Transfers made from the general fund to any other fund is considered an operating expense. The district may transfer money from the general fund to any categorical fund of the district and may transfer money in the general fund to a program weighted fund, subject to certain conditions.

*Supplemental General Fund.* In order to provide additional funding for operations, the Plan also allows a district to create a supplemental general fund. The supplemental general fund can be used for the same purposes as the general fund. The supplemental general fund is financed through a local option budget ("LOB") which may equal up to 31% of the District's 2008-09 General Fund Budget Authority (as calculated prior to the 2009 legislative budget adjustments using \$4,433 BSAPP authorized in 2008, times the weighted enrollment, plus 2008-09 state special education aid). The LOB represents an ad valorem tax on all taxable tangible property in the District. Additional state aid is available, based on relative levels of assessed valuation, to assist districts in funding the supplemental general fund. If a district adopts a LOB in excess of 25%, and the resolution authorizing the LOB so provides, monies attributable to the LOB in excess of 25% may be transferred to the district's capital improvement fund and capital outlay fund. In each school year, a district that has adopted a LOB is eligible for entitlement to an amount of supplemental general state aid determined by a formula that takes into account the district's assessed value per pupil ("AVPP") and other factors. Amounts in the supplemental general fund may not be expended nor transferred to the general fund for the purpose of making payments under lease-purchase agreement involving the acquisition of land or buildings. Any district that has adopted a LOB in excess of 30% may also, subject to notice and protest, make a cost of living adjustment to such levy.

Each LOB must be approved by the District's governing body and may, under circumstances, be subject to notice and protest and/or referendum. Any LOB in excess of 30% of the state financial aid of the district in the current school year shall not be effective unless approved by a majority of the qualified electors of the district.

The District has a LOB in an amount of 30% of its SFA which generates approximately \$828,836 of revenues annually.

*Capital Outlay Funds.* The Plan authorizes any district to initiate a capital outlay levy in an amount not to exceed 8 mills (exception for existing levies in greater amounts) for a period not to exceed 5 years upon all taxable tangible property within the district. Prior to instituting such capital outlay levy, the board of education of the district shall adopt a resolution declaring an intent to institute the levy, which resolution shall be published and is subject to protest petition. A capital outlay levy may be reauthorized in the same manner during the last levy period. Funds generated by such levy, and funds transferred from the general fund of the district, are deposited into a capital outlay fund. Moneys in the capital outlay fund may be expended for land acquisition, making capital improvements and acquisition of school buses and equipment for the district. A district may issue general obligation capital outlay bonds in an amount determined by formula that will be repaid from funds derived from the current capital outlay levy. The District has a current capital outlay levy of three mills, which generates approximately \$105,000 of revenues annually.

In addition, there is established in the State treasury the school district capital outlay state aid fund. Any district that levies a capital outlay levy is eligible to receive moneys from the school district capital outlay state aid fund based on a state aid percentage factor determined on a formula inversely related to the AVPP as compared to the median AVPP of all districts in the State. Each year, the State Board of Education determines the AVPP of each district, rounded to the nearest \$1,000. The median AVPP for all districts is calculated and a percentage factor (the "state aid computation percentage") is assigned to the AVPP. For each \$1,000 AVPP above or below the state median AVPP, the factor changes by 1.0 percentage point inversely to AVPP. The state computation percentage is 25%. The district's state aid computation percentage is multiplied by the district's capital outlay mill levy, not to exceed 8 mills. 2009 and 2010 legislation eliminated funding for school district capital outlay state aid for the 2009-12 school years.

*Lease Purchase Agreements.* K.S.A. 72-8225 authorizes school districts to enter into lease purchase agreements for a term not to exceed 10 years, subject to annual appropriation requirements of the cash-basis law. Any lease purchase agreement entered into by a school district which involves the acquisition of land or buildings, is for a term exceeding the current fiscal year and provides for annual payments which in the aggregate exceed \$100,000, requires that the district publish a resolution declaring its intent to enter such agreement once each week for two consecutive weeks in a newspaper of general circulation within the district. An election shall be required if 5% of the qualified voters in the district file a petition with the county election officer within 30 days of the last publication of the resolution.

*Capital Improvement Fund.* There is established in the State Treasury the school district Capital Improvement Fund ("CIF"). The CIF is intended to assist districts on making principal and interest payments on voted general obligation bond issues. Each school district that is obligated to make payments from its bond and interest fund is entitled to receive state aid from the CIF in an amount inversely related to its AVPP. Each year the State Board of Education determines the AVPP of each district, rounded to the nearest \$1,000. The median AVPP for all districts is calculated and a percentage factor (the "state aid computation percentage") is assigned to the AVPP. For each \$1,000 AVPP above or below the state median AVPP, the factor changes by 1.0 percentage point inversely to AVPP. The percentage assigned to a district is its "state aid percentage factor." The factor may not exceed 100%. The state aid computation factor is 5% for contractual bond obligations incurred by school districts prior to July 1, 1992 and 25% for contractual bond obligations incurred after July 1, 1992.

Any school district that receives payments from the CIF and has experienced at least a five percent per year or 50 pupil decline in enrollment (whichever is greater) for the previous three years must seek a recommendation from the Joint Committee on State Building Construction prior to issuing bonds for the construction of a new building. If the Joint Committee recommends against the issuance of bonds and the district proceeds to issue bonds, the district is not entitled to receive payments from the CIF for those bonds.

*Pending Litigation.* In November 2010 a lawsuit was filed in the District Court for Shawnee County, Kansas (the "District Court") against the State by certain individuals on behalf of students and four unified school districts on behalf of themselves and as representatives of a defined class alleging that the Plan, is an funding scheme in violation of the State constitution that does not properly fund an adequate education for Kansas pupils, that current funding levels are not sufficient to fund the Plan, as adopted by the Legislature and that Plan funding is not distributed fairly among school districts. A decision by the District Court is not anticipated until late 2011. A separate lawsuit was filed in December 2010 in the United States District Court in Kansas City, Kansas, against the State by certain individuals on behalf of students alleging that the Plan violates the equal protection clause of the United States Constitution.

#### ***Tax Collections:***

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

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

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

The District may levy taxes in accordance with the requirements of its adopted budget and within the restrictions of the State school finance formula. Property tax levies are based on the adopted budget of the District and the assessed valuations provided by the county appraiser.

The following table shows the District's mill levies by fund (per \$1,000 of assessed valuation) for each of the years set forth below:

<u>Year</u>	<u>General Fund</u>	<u>Supplemental General Fund</u>	<u>Capital Outlay Fund</u>	<u>G.O. Bonds</u>	<u>Misc. Funds</u>	<u>Total Levy</u>
2010/11	20.000	18.571	5.007	0.000	0.000	43.578
2009/10	20.000	17.975	3.999	0.000	0.000	41.974
2008/09	20.000	14.755	3.978	0.000	0.000	38.733
2007/08	20.000	10.833	3.987	0.000	0.000	34.820
2006/07	20.000	10.278	3.989	3.045	0.000	37.312

Source: County Clerk or KSDE

**Aggregate Tax Levies:**

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

<u>Year</u>	<u>Greeley County</u>	<u>State</u>	<u>City of Tribune</u>	<u>School District</u>	<u>Community College</u>	<u>Total</u>
2010	100.586	1.500	64.958	43.578	0.510	211.132
2009	93.354	1.500	94.958	41.974	0.408	202.194
2008	92.771	1.500	64.955	38.733	0.413	198.372
2007	90.732	1.500	64.777	34.820	0.408	192.237
2006	83.150	1.500	64.764	37.310	0.360	187.084

Source: County Clerk

**Tax Collection Record:**

The following table sets forth tax collection information for the District for the years indicated:

<u>Year</u>	<u>Total Tax Levied</u>	<u>Current Collections</u>	<u>Current Tax Collected As Percent of Total Tax Levied</u>	<u>Delinquent Taxes Collected</u>	<u>Percentage of Current &amp; Delinquent Taxes Collected</u>
2010/11	\$4,413,715	In Process	N/A	N/A	N/A
2009/10	5,194,545	\$4,986,234	95.990%	\$27,796	96.525%
2008/09	5,019,123	4,880,953	97.247%	62,336	98.489%
2007/08	4,882,831	4,830,503	98.928%	28,531	99.513%
2006/07	5,197,760	5,135,326	98.799%	44,780	99.660%

Source: County Treasurer

**Major Taxpayers:**

The following table sets forth the ten largest taxpayers in the District for taxes levied in the most recent tax collection period:

<u>Business</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
DCP Midstream LP	\$6,296,269	\$920,351
Vess Oil Corporation	1,330,145	194,433
Wheatland Electric Coop	1,158,392	183,630
Individual	1,154,536	168,783
Celtic LLC	671,291	98,125
Sunflower Telephone Co., Inc	452,909	83,414
Horseshoe Operating Inc	357,236	52,219
Hess Oil Company	346,972	50,718
Oxtown Cattle Feeders, LLC	328,651	48,130
Dairy Ventures LLC	309,629	45,260

Source: County Clerk

**Risk Management**

The District is insured against the risks arising from general liability by Employer’s Mutual Co. The District provides employee medical coverage by Blue Cross / Blue Shield. Workman’s compensation coverage is provided through KASB Risk Management Services, Inc.

**Pension and Employee Retirement Plans**

**Pension and Employee Retirement Plans**

The School District participates in the Kansas Public Employees Retirement System (KPERs) established in 1962, as an instrumentality of the State, pursuant to K.S.A. § 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERs is governed by a board of trustees consisting of nine members, including four members appointed by the Governor subject to confirmation by the State Senate, one appointed by the President of the Senate, one appointed by the Speaker of the House of Representatives, two elected by members and retirants of the retirement system, which must be members of such system, and the State Treasurer. Members of the board of trustees serve four-year terms and elect a chairperson annually. The board of trustees appoints an Executive Director to serve as the managing officer of KPERs and employs a staff of approximately 95 people.

As of June 30, 2006, KPERs served over 250,000 members and more than 1,450 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERs administers the following three statewide, defined benefit retirement plans for public employees: (a) Kansas Public Employees Retirement System; (b) Kansas Police and Firemen’s Retirement System; and (c) Kansas Retirement System for Judges. These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for more than 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

- a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, 85% of which comes from the State General Fund. State legislation enacted in 2003 made certain pre-1962 Board employees (which are part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the “TIAA Group”), special members of the State/School Group.

- b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate. State legislation enacted in 2003 made certain pre-1962 employees of the University of Kansas Hospital Authority (which are a part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the Local Group.

KPERS is a qualified, governmental, Section 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans (more common in the private sector), which are funded solely by employer contributions. The School District's employees annually contribute 4% of their gross salary to the plan. The State's contribution for school employees varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. Currently, the State's contribution is 9.17% of the employee's gross salary, for the period beginning July 1, 2010, through June 30, 2011. Effective July 1, 2011, the rate increases to 9.77%.

## DEBT STRUCTURE

### Debt Summary

The following table summarizes certain key statistics with respect to the District's general obligation debt:

	<u>Outstanding Debt</u>
Assessed Valuation .....	\$28,094,169
Estimated Actual Valuation .....	\$175,588,556
Outstanding General Obligation Bonds .....	\$4,810,000
Overlapping General Obligation Debt .....	\$1,625,000
Direct Debt per Capita .....	\$3,897.89
Direct Debt and Overlapping Debt per Capita .....	\$5,214.75
Direct Debt as a percentage of Assessed Valuation .....	17.12%
Direct Debt & Overlapping Debt as a percentage of Assessed Valuation .....	22.91%
Direct Debt as a percentage of Estimated Actual Valuation .....	2.74%
Direct Debt & Overlapping Debt as a percentage of Estimated Actual Valuation .....	3.66%

### Current Indebtedness of the District

The following table sets forth all of the outstanding obligations of the District:

#### GENERAL OBLIGATION BONDS

<u>Description of Indebtedness</u>	<u>Series</u>	<u>Dated Date</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
GO Bonds <sup>(1)</sup>	2010	12/28/2010	\$500,000	-0-
Taxable GO Bonds <sup>(2)</sup>	2011	4/1/2011	4,810,000	\$4,810,000
		Total		<u>\$4,810,000</u>

<sup>(1)</sup> To be redeemed with this issue

<sup>(2)</sup> This issue.

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

**General Obligation Debt Service Requirements**

The following debt service schedule shows the principal and interest requirements for all outstanding general obligation indebtedness of the District.

**Debt Service Schedule**

<u>Year</u>	<u>Outstanding Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026	\$4,810,000		
<b>TOTAL</b>	<u>\$4,810,000</u>		

**Lease Obligations / Certificates of Participation**

The District currently does not have any outstanding lease obligations or certificates of participation.

**Overlapping and Underlying Indebtedness**

The following table sets forth overlapping and underlying indebtedness as of December 28, 2010 and the percent attributable (on the basis of assessed valuation) to the District:

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Total Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to Issuer</u>	<u>NetAmount Applicable to Issuer</u>
Greeley County	\$28,094,169	\$1,460,000	100.00%	\$1,460,000
City of Tribune	4,020,773	165,000	100.00%	<u>165,000</u>
Total				<u>\$1,625,000</u>

*Source:* County Clerk

**Future Indebtedness**

The District does not currently have any plans to issue additional general obligation bonds.

*APPENDIX B*

**FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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*Financial Statements*

**UNIFIED SCHOOL DISTRICT NO. 200**  
Tribune, Kansas

*For the Year Ended June 30, 2010*

**UNIFIED SCHOOL DISTRICT NO. 200**

**FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

**BOARD OF EDUCATION**

Dave Olson - President  
Dalene Moser - Vice President  
Sheryl Crotinger - Member  
Todd Schmidt - Member  
Andrew Myers - Member  
Warren Kuttler - Member  
Janice Fahrenholtz - Member

**BOARD TREASURER**

Eleanor Arnold

**BOARD CLERK**

Beth Nemechek

**SUPERINTENDENT**

Bill Wilson

**UNIFIED SCHOOL DISTRICT NO. 200**

**FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

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**UNIFIED SCHOOL DISTRICT NO. 200**

**FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

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# James V. Myers, Chartered

P.O. Box 495  
Tribune, Kansas 67879

*Certified Public Accountant*

Phone: 620-376-4140  
Fax: 620-376-4141

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Unified School District No. 200  
Tribune, KS 67879

I have audited the accompanying statutory basis financial statements of the Unified School District No. 200, Tribune, Kansas, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these statutory basis financial statements based on my audit.

I have conducted my audit in accordance with the Kansas Municipal Audit Guide and auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. The District has no such component units.

As described in Note 1, the District's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, because of the effects of the matter discussed in the preceding paragraph, the statutory basis financial statements referred to in the first paragraph do not present fairly, in conformity with generally accepted accounting principles, the financial position of the Unified School District No. 200, Tribune, Kansas, as of June 30, 2010, or the results of its operations, or the cash flows of its operation for the year then ended.

However, in my opinion, the statutory basis financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the Unified School District No. 200, Tribune, Kansas, as of June 30, 2010, and its cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

Board of Education  
Unified School District No. 200

Page 2

This report is intended for the information of the Board of Education, management and for filing with the Kansas Department of Administration. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

October 5, 2010



James V. Myers  
Certified Public Accountant

UNIFIED SCHOOL DISTRICT NO. 200

Statement 1

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ (12,482)	\$ 290	\$ 1,800,838	\$ 1,870,796	\$ (82,150)	\$ 32,349	\$ (49,801)
Special Revenue Funds							
Supplemental General	54,189	398	649,697	647,279	57,005	26,900	83,905
At Risk (4 Year Old)	-	-	10,083	10,083	-	-	-
At Risk (K-12)	-	-	361,470	279,560	81,910	22,458	104,368
Bilingual Education	-	-	74,266	74,266	-	1,829	1,829
Capital Outlay	273,291	386	152,181	59,896	365,962	-	365,962
Driver Training	7,800	-	7,075	4,947	9,928	243	10,171
Food Service	39,141	-	165,379	153,549	50,971	871	51,842
Professional Development	15,000	-	25,254	12,464	27,790	1,300	29,090
Special Education	40,000	-	218,069	133,069	125,000	-	125,000
Vocational Education	-	-	30,470	30,470	-	-	-
KPERS Special Retirement Contribution	-	-	115,851	115,851	-	-	-
Contingency Reserve	42,733	-	-	-	42,733	-	42,733
Textbook Rental	5,435	679	9,219	10,210	5,123	9,062	14,185
Title I	-	-	43,170	43,170	-	-	-
Title I/ARRA Grant	-	-	9,220	9,220	-	-	-
Migrant	-	-	-	-	-	-	-
Title II-A	-	-	12,166	12,166	-	2,486	2,486
REAP Federal Grant	-	-	20,693	20,693	-	2,185	2,185
Safe & Drug Free Schools	-	-	794	794	-	49	49
Title II-D	-	-	359	359	-	100	100
Kansas Middle School Summer Program	-	-	7,392	7,392	-	762	762
District Activity Funds - Statement 6	16,063	-	47,535	44,405	19,193	-	19,193
Debt Service Fund							
Bond and Interest	26,936	-	818	-	27,754	-	27,754
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 508,106</b>	<b>\$ 1,753</b>	<b>\$ 3,761,999</b>	<b>\$ 3,540,639</b>	<b>\$ 731,219</b>	<b>\$ 100,594</b>	<b>\$ 831,813</b>

Composition of Cash:

Checking Account	\$ 39,122
School Checking Account	44,804
Savings Account	572,501
Petty Cash	1,450
Cash on Hand	50
Certificates of Deposit	200,000
School Certificates of Deposit	51,180
Total Cash	909,107
Agency Funds per Statement 4	(77,294)
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 831,813</b>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 2**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended June 30, 2010**

Funds	Certified	Adjustment to	Total	Expenditures	Variance
	Budget	Comply with Legal Max	Budget for Comparison	Chargeable to Current Year	Favorable (Unfavorable)
General Fund	\$ 1,969,806	\$ (99,010)	\$ 1,870,796	\$ 1,870,796	\$ -
Special Revenue Funds					
Supplemental General	647,279	-	647,279	647,279	-
At Risk (4 Year Old)	34,000	-	34,000	10,083	23,917
At Risk (K-12)	350,000	-	350,000	279,560	70,440
Bilingual Education	60,000	-	60,000	74,266	(14,266)
Capital Outlay	416,007	-	416,007	59,896	356,111
Driver Training	14,050	-	14,050	4,947	9,103
Food Service	180,000	-	180,000	153,549	26,451
Professional Development	39,000	-	39,000	12,464	26,536
Special Education	170,000	-	170,000	133,069	36,931
Vocational Education	40,500	-	40,500	30,470	10,030
KPERS Special Retirement Contribution	124,753	-	124,753	115,851	8,902
Debt Service Fund					
Bond and Interest	26,935	-	26,935	-	26,935

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

**UNIFIED SCHOOL DISTRICT NO. 200**

Statement 3-1

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**GENERAL FUND**

	Current Year		Variance Favorable (Unfavorable)	Prior Year Actual
	Actual	Budget		
<b>Cash Receipts</b>				
<b>Taxes</b>				
Ad Valorem Property Tax	\$ 664,967	\$ 646,818	\$ 18,149	\$ 665,362
Delinquent Tax	12,368	3,405	8,963	4,230
Mineral Production Tax	9,531	-	9,531	30,348
Business Equipment Tax	-	-	-	582
<b>Federal Aid</b>				
ARRA Stabilization	98,528	98,528	-	-
<b>State Aid</b>				
Equalization Aid	948,062	1,146,272	(198,210)	1,304,590
State School District Finance	-	-	-	1,623
Special Education Aid	67,382	74,779	(7,397)	165,851
<b>Total Cash Receipts</b>	<u>1,800,838</u>	<u>\$ 1,969,802</u>	<u>\$ (168,964)</u>	<u>2,172,586</u>
<b>Expenditures</b>				
Instruction	\$ 873,312	\$ 926,914	\$ 53,602	\$ 898,656
Student Support Services	53,766	51,840	(1,926)	55,866
Instructional Support Services	13,512	25,850	12,338	38,511
General Administration	146,928	148,033	1,105	161,097
School Administration	164,819	178,010	13,191	170,985
Operation and Maintenance	105,164	106,600	1,436	137,537
Operation and Maintenance (Trans)	5,585	5,700	115	5,061
Student Transportation Services	151,567	165,140	13,573	187,202
Transfer to Bilingual Education Fund	21,012	35,000	13,988	25,908
Transfer to Driver Training Fund	-	-	-	-
Transfer to Food Service Fund	44,000	30,059	(13,941)	38,693
Transfer to Professional Dev Fund	24,364	4,000	(20,364)	3,691
Transfer to Special Education Fund	143,069	75,000	(68,069)	206,479
Transfer to Vocational Education Fund	8,227	32,000	23,773	17,717

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-1**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**GENERAL FUND**

	Current Year			
	Actual	Budget	Variance Favorable (Unfavorable)	Prior Year Actual
Transfer to At Risk (4 Year Old)	7,562	20,000	12,438	11,760
Transfer to At Risk (K-12)	107,909	165,660	57,751	189,357
Adjustment to Comply with Legal Max	-	(99,010)	(99,010)	-
Total Expenditures	<u>1,870,796</u>	<u>\$ 1,870,796</u>	<u>\$ -</u>	<u>2,148,520</u>
Receipts Over (Under) Expenditures	\$ (69,958)			\$ 24,066
Unencumbered Cash, Beginning	(12,482)			(36,548)
Prior Year Cancelled Encumbrances	290			-
Unencumbered Cash, Ending	<u>\$ (82,150)</u>			<u>\$ (12,482)</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

Statement 3-2

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**SUPPLEMENTAL GENERAL FUND**

	Current Year		Variance Favorable (Unfavorable)	Prior Year Actual
	Actual	Budget		
<b>Cash Receipts</b>				
<b>Taxes</b>				
Ad Valorem Property Tax	\$ 617,632	\$ 622,941	\$ (5,309)	\$ 506,153
Delinquent Tax	8,717	2,610	6,107	2,743
Motor Vehicle Tax	22,301	21,375	926	20,281
Business Equipment Tax	-	-	-	430
Antique Tax	152	-	152	136
Recreational Vehicle Tax	402	525	(123)	461
16/20M Tax	493	-	493	625
<b>Total Cash Receipts</b>	<u>649,697</u>	<u>\$ 647,451</u>	<u>\$ 2,246</u>	<u>530,829</u>
<b>Expenditures</b>				
Instruction	\$ 14,368	\$ 57,939	\$ 43,571	\$ 35,900
Student Support Services	-	-	-	-
Instructional Support Staff	-	-	-	-
Operation and Maintenance	211,202	272,500	61,298	207,372
Transfer to Food Service	9,240	5,000	(4,240)	41,002
Transfer to Vocational Education	22,243	8,500	(13,743)	8,301
Transfer to Driver Training	5,000	5,000	-	2,000
Transfer to At Risk (K-12)	253,561	184,340	(69,221)	122,657
Transfer to At Risk (4 Year Old)	2,521	14,000	11,479	8,444
Transfer to Bilingual Education	53,254	25,000	(28,254)	19,588
Transfer to Professional Dev	890	20,000	19,110	16,020
Transfer to Special Education	75,000	55,000	(20,000)	40,000
<b>Total Expenditures</b>	<u>647,279</u>	<u>\$ 647,279</u>	<u>\$ -</u>	<u>501,284</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-2**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**SUPPLEMENTAL GENERAL FUND**

	Current Year		Variance Favorable (Unfavorable)	Prior Year Actual
	Actual	Budget		
Receipts Over (Under) Expenditures	\$ 2,418			\$ 29,545
Unencumbered Cash, Beginning	54,189			24,644
Prior Year Cancelled Encumbrances	398			-
Unencumbered Cash, Ending	\$ 57,005			\$ 54,189

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-3**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**AT RISK FUND (4 YEAR OLD)**

	Current Year			Prior Year Actual
	Actual	Budget	Variance Favorable (Unfavorable)	
Cash Receipts				
Local Revenue	\$ -	\$ -	\$ -	\$ -
Transfer from General Fund	7,562	20,000	(12,438)	11,760
Transfer from Supplemental General	2,521	14,000	(11,479)	8,444
Total Cash Receipts	<u>10,083</u>	<u>\$ 34,000</u>	<u>\$ (23,917)</u>	<u>20,204</u>
Expenditures				
Instruction	\$ 10,083	\$ 34,000	\$ 23,917	\$ 20,204
Receipts Over (Under) Expenditures	\$ -			\$ -
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>			<u>\$ -</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-4**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**AT RISK FUND (K-12)**

	Current Year		Variance Favorable (Unfavorable)	Prior Year Actual
	Actual	Budget		
Cash Receipts				
Transfer from General Fund	\$ 107,909	\$ 165,660	\$ (57,751)	\$ 189,357
Transfer from Supplemental General	253,561	184,340	69,221	122,657
Total Cash Receipts	<u>361,470</u>	<u>\$ 350,000</u>	<u>\$ 11,470</u>	<u>312,014</u>
Expenditures				
Instruction	\$ 279,560	\$ 350,000	\$ 70,440	\$ 312,014
Receipts Over (Under) Expenditures	\$ 81,910			\$ -
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$ 81,910</u>			<u>\$ -</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-5**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**BILINGUAL EDUCATION FUND**

	Current Year			Prior Year Actual
	Actual	Budget	Variance Favorable (Unfavorable)	
Cash Receipts				
Transfer from General Fund	\$ 21,012	\$ 35,000	\$ (13,988)	\$ 25,908
Transfer from Supplemental General	53,254	25,000	28,254	19,588
Total Cash Receipts	<u>74,266</u>	<u>\$ 60,000</u>	<u>\$ 14,266</u>	<u>45,496</u>
Expenditures				
Instruction	<u>\$ 74,266</u>	<u>\$ 60,000</u>	<u>\$ (14,266)</u>	<u>\$ 45,496</u>
Receipts Over (Under) Expenditures	\$ -			\$ -
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>			<u>\$ -</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

Statement 3-6

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**CAPITAL OUTLAY FUND**

	Current Year		Variance Favorable (Unfavorable)	Prior Year Actual
	Actual	Budget		
Cash Receipts				
Ad Valorem Tax	\$ 137,905	\$ 134,700	\$ 3,205	\$ 137,305
Delinquent Tax	2,611	704	1,907	1,061
Motor Vehicle Tax	7,462	7,138	324	7,739
Business Equipment Tax	-	-	-	116
Antique Tax	56	-	56	52
Recreation Vehicle Tax	139	175	(36)	177
16/20M Tax	181	-	181	242
Interest	3,827	-	3,827	5,758
Miscellaneous Income	-	-	-	-
<b>Total Cash Receipts</b>	<b>152,181</b>	<b>\$ 142,717</b>	<b>\$ 9,464</b>	<b>152,450</b>
Expenditures				
Instruction	\$ 2,459	\$ 10,000	\$ 7,541	\$ 334
Operations and Maintenance	5,829	50,000	44,171	32,055
Transportation	-	60,000	60,000	33,114
Facility Acquisition & Const. Service	51,608	296,007	244,399	61,828
<b>Total Expenditures</b>	<b>59,896</b>	<b>\$ 416,007</b>	<b>\$ 356,111</b>	<b>127,331</b>
Receipts Over (Under) Expenditures	\$ 92,285			\$ 25,119
Unencumbered Cash, Beginning	273,291			248,172
Prior Year Cancelled Encumbrances	386			-
<b>Unencumbered Cash, Ending</b>	<b>\$ 365,962</b>			<b>\$ 273,291</b>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-7**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**DRIVER TRAINING FUND**

	Current Year			Prior Year Actual
	Actual	Budget	Variance Favorable (Unfavorable)	
Cash Receipts				
State Safety Aid	\$ 750	\$ 1,250	\$ (500)	\$ 646
Local Revenue	1,325	-	1,325	1,267
Transfer from General Fund	-	-	-	-
Transfer from Supplemental General	5,000	5,000	-	2,000
Total Cash Receipts	<u>7,075</u>	<u>\$ 6,250</u>	<u>\$ 825</u>	<u>3,913</u>
Expenditures				
Instruction	\$ 4,947	\$ 6,550	\$ 1,603	\$ 4,093
Operation and Maintenance	-	7,500	7,500	-
Total Expenditures	<u>4,947</u>	<u>\$ 14,050</u>	<u>\$ 9,103</u>	<u>4,093</u>
Receipts Over (Under) Expenditures	\$ 2,128			\$ (180)
Unencumbered Cash, Beginning	<u>7,800</u>			<u>7,980</u>
Unencumbered Cash, Ending	<u>\$ 9,928</u>			<u>\$ 7,800</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-8**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**FOOD SERVICE FUND**

	Current Year			Prior Year Actual
	Actual	Budget	Variance Favorable (Unfavorable)	
Cash Receipts				
State Aid	\$ 1,066	\$ 1,278	\$ (212)	\$ 1,168
Federal Sources	61,144	53,732	7,412	54,894
Charges for Services	49,929	50,790	(861)	63,584
Transfer from General Fund	44,000	30,059	13,941	38,693
Transfer from Supplemental General	9,240	5,000	4,240	41,002
<b>Total Cash Receipts</b>	<u>165,379</u>	<u>\$ 140,859</u>	<u>\$ 24,520</u>	<u>199,341</u>
Expenditures				
Operations & Maintenance	\$ 5,729	\$ 7,059	\$ 1,330	\$ 5,258
Food Service Operation	147,820	172,941	25,121	174,221
<b>Total Expenditures</b>	<u>153,549</u>	<u>\$ 180,000</u>	<u>\$ 26,451</u>	<u>179,479</u>
Receipts Over (Under) Expenditures	\$ 11,830			\$ 19,862
Unencumbered Cash, Beginning	39,141			19,279
Prior Year Cancelled Encumbrances	-			-
<b>Unencumbered Cash, Ending</b>	<u>\$ 50,971</u>			<u>\$ 39,141</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-9**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**PROFESSIONAL DEVELOPMENT FUND**

	Current Year			Prior Year Actual
	Actual	Budget	Variance Favorable (Unfavorable)	
Cash Receipts				
State Aid	\$ -	\$ -	\$ -	\$ -
Transfer from General Fund	24,364	4,000	20,364	3,691
Transfer from Supplemental General	890	20,000	(19,110)	16,020
<b>Total Cash Receipts</b>	<u>25,254</u>	<u>\$ 24,000</u>	<u>\$ 1,254</u>	<u>19,711</u>
Expenditures				
Other Supplemental Service	\$ 12,464	\$ 39,000	\$ 26,536	\$ 6,515
Receipts Over (Under) Expenditures	\$ 12,790			\$ 13,196
Unencumbered Cash, Beginning	15,000			1,804
Prior Year Cancelled Encumbrances	-			-
<b>Unencumbered Cash, Ending</b>	<u>\$ 27,790</u>			<u>\$ 15,000</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-10**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**SPECIAL EDUCATION FUND**

	Current Year			Prior Year Actual
	Actual	Budget	Variance Favorable (Unfavorable)	
Cash Receipts				
Local Revenue	\$ -	\$ -	\$ -	\$ -
Transfer from General Fund	143,069	75,000	68,069	206,479
Transfer from Supplemental General	75,000	55,000	20,000	40,000
Total Cash Receipts	<u>218,069</u>	<u>\$ 130,000</u>	<u>\$ 88,069</u>	<u>246,479</u>
Expenditures				
Instruction	<u>\$ 133,069</u>	<u>\$ 170,000</u>	<u>\$ 36,931</u>	<u>\$ 226,085</u>
Receipts Over (Under) Expenditures	\$ 85,000			\$ 20,394
Unencumbered Cash, Beginning	<u>40,000</u>			<u>19,606</u>
Unencumbered Cash, Ending	<u>\$ 125,000</u>			<u>\$ 40,000</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-11**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**VOCATIONAL EDUCATION FUND**

	Current Year			Prior Year Actual
	Actual	Budget	Variance Favorable (Unfavorable)	
Cash Receipts				
Transfer from General Fund	\$ 8,227	\$ 32,000	\$ (23,773)	\$ 17,717
Transfer from Supplemental General	22,243	8,500	13,743	8,301
<b>Total Cash Receipts</b>	<u>30,470</u>	<u>\$ 40,500</u>	<u>\$ (10,030)</u>	<u>26,018</u>
Expenditures				
Instruction	\$ 30,470	\$ 40,500	\$ 10,030	\$ 26,018
Receipts Over (Under) Expenditures	\$ -			\$ -
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>			<u>\$ -</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-12**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**KPERS SPECIAL RETIREMENT CONTRIBUTION FUND**

	Current Year			
	Actual	Budget	Variance Favorable (Unfavorable)	Prior Year Actual
Cash Receipts				
State Sources	<u>\$ 115,851</u>	<u>\$ 124,753</u>	<u>\$ (8,902)</u>	<u>\$ 110,401</u>
Expenditures				
Employee Benefits	<u>\$ 115,851</u>	<u>\$ 124,753</u>	<u>\$ 8,902</u>	<u>\$ 110,401</u>
Receipts Over (Under) Expenditures	\$ -			\$ -
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>			<u>\$ -</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-13**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES**

**ACTUAL**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**CONTINGENCY RESERVE FUND**

	Year Ended	
	Current	Prior
Cash Receipts		
Operating Transfers	\$ -	\$ -
Expenditures		
Contractual Services	\$ -	\$ -
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	<u>42,733</u>	<u>42,733</u>
Unencumbered Cash, Ending	<u>\$ 42,733</u>	<u>\$ 42,733</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-14**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES**

**ACTUAL**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**TEXTBOOK RENTAL FUND**

	Year Ended	
	Current	Prior
Cash Receipts		
Book Rental Fees	\$ 9,219	\$ 16,670
Expenditures		
Instruction	\$ 10,210	\$ 18,971
Receipts Over (Under) Expenditures	\$ (991)	\$ (2,301)
Unencumbered Cash, Beginning	5,435	7,492
Prior Year Cancelled Encumbrances	679	244
Unencumbered Cash, Ending	<u>\$ 5,123</u>	<u>\$ 5,435</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-15**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES**

**ACTUAL**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**TITLE I**

	Year Ended	
	Current	Prior
Cash Receipts		
Federal Aid	\$ 43,170	\$ 40,851
Transfer from Title II-A Fund	-	-
Total Cash Receipts	43,170	40,851
Expenditures		
Instruction	\$ 43,170	\$ 40,851
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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

UNIFIED SCHOOL DISTRICT NO. 200

Statement 3-16

STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL

For the Year Ended June 30, 2010

(with comparative actual totals for the prior year ended June 30, 2009)

TITLE I ARRA GRANT

	Year Ended	
	Current	Prior
Cash Receipts		
Federal Aid	\$ 9,220	\$ -
Expenditures		
Instruction	\$ 9,220	\$ -
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-17**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES**

**ACTUAL**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**MIGRANT PROJECT**

	Year Ended	
	<u>Current</u>	<u>Prior</u>
Cash Receipts		
Federal Aid	\$ -	\$ 12,957
Expenditures		
Instruction	<u>\$ -</u>	<u>\$ 12,957</u>
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 200

Statement 3-18

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ACTUAL

For the Year Ended June 30, 2010

(with comparative actual totals for the prior year ended June 30, 2009)

TITLE II-A FUND

	Year Ended	
	Current	Prior
Cash Receipts		
Federal Aid	\$ 12,166	\$ 11,987
Expenditures		
Instruction	\$ 12,166	\$ 11,987
Transfer to Title I Fund	-	-
Total Expenditures	12,166	11,987
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-19**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES**

**ACTUAL**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**REAP FEDERAL GRANT FUND**

	Year Ended	
	Current	Prior
Cash Receipts		
Federal Aid	\$ 20,693	\$ 22,373
Expenditures		
Project Expense	\$ 20,693	\$ 22,373
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-20**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES**

**ACTUAL**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**SAFE & DRUG FREE SCHOOLS FUND**

	Year Ended	
	Current	Prior
Cash Receipts		
Federal Aid	\$ 794	\$ 828
Expenditures		
Project Expense	\$ 794	\$ 828
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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

UNIFIED SCHOOL DISTRICT NO. 200

Statement 3-21

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ACTUAL

For the Year Ended June 30, 2010

(with comparative actual totals for the prior year ended June 30, 2009)

TITLE II-D FUND

	Year Ended	
	Current	Prior
Cash Receipts		
Federal Aid	\$ 359	\$ 390
Expenditures		
Project Expense	\$ 359	\$ 390
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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

UNIFIED SCHOOL DISTRICT NO. 200

Statement 3-22

STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL

For the Year Ended June 30, 2010

(with comparative actual totals for the prior year ended June 30, 2009)

KS MIDDLE SCHOOL SUMMER PROGRAM FUND

	Year Ended	
	Current	Prior
Cash Receipts		
State Aid	\$ 7,392	\$ 7,492
Expenditures		
Project Expense	\$ 7,392	\$ 7,492
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 3-23**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET**

**For the Year Ended June 30, 2010**

**(with comparative actual totals for the prior year ended June 30, 2009)**

**BOND AND INTEREST FUND**

	Current Year			Prior Year Actual
	Actual	Budget	Variance Favorable (Unfavorable)	
<b>Cash Receipts</b>				
Ad Valorem Tax	\$ -	\$ -	\$ -	\$ -
Delinquent Tax	811	-	811	434
Motor Vehicle Tax	-	-	-	4,040
Antique Tax	7	-	7	42
Rec Vehicle Tax	-	-	-	102
16/20M Tax	-	-	-	189
Business Equipment Tax	-	-	-	-
<b>Total Cash Receipts</b>	<u>818</u>	<u>\$ -</u>	<u>\$ 818</u>	<u>4,807</u>
<b>Expenditures</b>				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Commission, Postage & Miscellaneous	-	26,935	26,935	-
<b>Total Expenditures</b>	<u>-</u>	<u>\$ 26,935</u>	<u>\$ 26,935</u>	<u>-</u>
<b>Receipts Over (Under) Expenditures</b>	\$ 818			\$ 4,807
<b>Unencumbered Cash, Beginning</b>	<u>26,936</u>			<u>22,129</u>
<b>Unencumbered Cash, Ending</b>	<u>\$ 27,754</u>			<u>\$ 26,936</u>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 4**

**SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS  
ACTUAL  
For the Year Ended June 30, 2010**

Fund	Beginning Cash Balance	Cash Receipts and Transfers	Cash Disbursements and Transfers	Ending Cash Balance
High School				
Class of 2010	\$ 531	\$ 809	\$ 1,312	\$ 28
Class of 2011	8,150	155	5,749	2,556
Class of 2012	3,898	11,820	7,624	8,094
Class of 2013	-	7,377	3,371	4,006
Art Club/Art	94	-	-	94
Box Tops	-	210	-	210
Computer	145	-	-	145
ET Wear	135	88	96	127
FFA	6,409	14,560	12,650	8,319
Student Council	2,064	2,604	3,885	783
Music	2,205	15,252	14,841	2,616
Music Rentals	180	120	-	300
National Honor Society	1,944	457	483	1,918
Peer Helpers	29	-	-	29
Quiz Bowl	1,289	181	311	1,159
Honor Card/Alternative Days	3,847	1,131	400	4,578
Library	185	-	-	185
Drama Club	3,989	1,331	1,626	3,694
S.A.D.D.	1,061	457	584	934
Scholarship Fund	24,950	1,050	500	25,500
Shop	-	-	-	-
Vo-Ag	-	97	97	-
Geology Club	86	-	-	86
Friends of Tribune Theater	800	-	-	800
Track Club	948	1,316	1,676	588
Volleyball Club	802	130	500	432
Pictures	464	-	-	464
Student Assistance	1,523	-	-	1,523
Cheerleaders	(23)	1,250	264	963
School Donations	3,498	-	-	3,498
Sign Donations	-	1,004	780	224

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 4**

**SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS  
ACTUAL  
For the Year Ended June 30, 2010**

Fund	Beginning Cash Balance	Cash Receipts and Transfers	Cash Disbursements and Transfers	Ending Cash Balance
Jr. High School				
Jr. High Cheerleaders	595	2,787	3,007	375
Jr. High Band	-	-	-	-
Language Arts	580	754	840	494
Quiz Bowl	209	913	699	423
Science Club	-	-	-	-
Charter School	-	2,092	2,092	-
Grade School				
Achievement Account	1,479	1,427	1,257	1,649
6th Grade	1	-	1	-
Kansas Project Citizen	43	18,200	17,743	500
<b>Total</b>	<b>\$ 72,110</b>	<b>\$ 87,572</b>	<b>\$ 82,388</b>	<b>\$ 77,294</b>

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

**UNIFIED SCHOOL DISTRICT NO. 200**

**Statement 6**

**STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
For the Year Ended June 30, 2010  
DISTRICT ACTIVITY FUNDS**

Fund	Beginning	Cash Receipts	Expenditures	Ending	Add	Ending
	Unencumbered Cash			Unencumbered Cash Balance		Outstanding Encumbrances and Accounts Payable
Gate Receipts						
Athletics	\$ 11,230	\$ 29,942	\$ 27,293	\$ 13,879	\$ -	\$ 13,879
Concessions	4,430	11,959	11,559	4,830	-	4,830
<b>Total Gate Receipts</b>	<b>15,660</b>	<b>41,901</b>	<b>38,852</b>	<b>18,709</b>	<b>-</b>	<b>18,709</b>
School Projects						
Yearbook	(81)	5,634	5,553	-	-	-
K.C. Handicap Child	484	-	-	484	-	484
<b>Total School Projects</b>	<b>403</b>	<b>5,634</b>	<b>5,553</b>	<b>484</b>	<b>-</b>	<b>484</b>
<b>Total District Activity Funds</b>	<b>\$ 16,063</b>	<b>\$ 47,535</b>	<b>\$ 44,405</b>	<b>\$ 19,193</b>	<b>\$ -</b>	<b>\$ 19,193</b>

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

**UNIFIED SCHOOL DISTRICT NO. 200  
TRIBUNE, KANSAS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

Note 1: Summary of Significant Accounting Policies

Financial Reporting Entity

The District 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 to conform to the cash basis and budget laws of the State of Kansas (statutory basis), which is a comprehensive basis of accounting other than generally accepted accounting principles.

Unified School District No. 200, Tribune, Kansas, is a municipal corporation governed by an elected seven-member board. These financial statements consist of all the funds of the District and other governmental entities that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The District has no component units that are considered to be controlled by or dependent on the District. The financial statements of the primary government are presented on a statutory basis.

Fund Accounting

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds accordingly to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2010:

Governmental Fund Types

General fund – to account for all financial resources of the general government except those required to be accounted for in another fund.

Special revenue funds – to account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

Note 1: Summary of Significant Accounting Policies (continued)

Debt Service Fund

To account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Fiduciary Funds

Student activity fund – to account for the receipt and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of and are subject to revocation by the District’s Board of Education. This accounting reflects the District’s agency relationship with the student activity organizations.

Expendable trust funds – to account for assets held by a governmental unit as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund’s designated operations.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year’s accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

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

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense,

Note 1: Summary of Significant Accounting Policies (continued)

liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Property Taxes

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the District until the succeeding year, such procedures being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the District; and therefore, are not susceptible to accrual.

Property taxes are collected and remitted to the District by the county government. Taxes levied annually on November 1 are due one-half by December 20 and one half by May 10. Tax payments are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures during the year of purchase as required by State Statutes.

Reimbursed Expenditures

Reimbursed expenditures are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenditures shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and

Note 1: Summary of Significant Accounting Policies (continued)

3. the amount of the reimbursed expenditure was directly tied to the amount of the original cash disbursement.

Restricted Assets

These assets consist of cash and short-term investments restricted for Agency Funds.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, 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 fiscal year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

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 budget amendments for the year ended June 30, 2010.

Note 2: Budgetary Information (continued)

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

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

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

- Contingency reserve
- Textbook rental
- Athletic gate receipts
- School projects
- Title I
- Title I ARRA grant
- Migrant project
- REAP federal grant
- Safe & drug free schools
- Title II-D
- Title II-A
- Kansas middle school summer program

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

Note 3: Deposits & Investments

As of June 30, 2010, the District had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)		Rating
		Less than 1	1-2	
Guaranteed Investment Contracts secured by U.S. Treasury and Agencies	\$ 937,162	\$ 937,162	\$ -	N/A
Total Fair Value	\$ 937,162	\$ 937,162	\$ -	

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

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

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2010 is 100% guaranteed investment contracts secured by U.S. Treasury and Agencies.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2010.

### Custodial Credit Risk – Deposits (continued)

At year-end, the District's carrying amount of deposits was \$909,107 and the bank balance was \$937,162. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$363,481 was covered by federal depository insurance, \$573,681 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

#### Note 4: Defined Benefit Pension Plan

*Plan Description.* Unified School District No. 200 contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the 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 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008 were \$248,468,186, \$242,277,363, and \$220,815,154, respectively, equal to the required contributions for each year.

#### Note 5: Compensated Absences

The District's policy with regard to vacation leave does not provide for accumulation or carryover of benefits from one year to the next. All employees on permanent status earn sick leave at the rate of one working day per month with a maximum accumulation of 90 days. Upon resignation effective at the end of the school year, a permanent status employee shall be paid for all unused sick leave up to 90 days at the rate of \$10 per day. A permanent status employee, after accumulating 90 days of sick leave and not using all of the current year's 10 days,

shall be paid for one-half of the unused sick leave days at the rate paid to certified substitute teachers (current rate is \$100 per day). The total potential liability for sick leave is reflected in Footnote 13.

Note 6: Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Note 7: Risk Management Claims and Judgements

The District carries commercial insurance for risk of loss, including property, general liability, inland marine, automobile, workmen's compensation, linebacker coverage, boiler, and employee dishonesty. Settled claims resulting from these risk have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8: Contingencies

In the normal course of operations, the district participates in various federal and state grant programs. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursements which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Note 9: Interfund Transfers

Operating transfers were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Bilingual Education	72-6428	\$ 21,012
General	Driver Training	72-6428	---
General	Food Service	72-6428	44,000
General	Professional Development	72-6428	24,364
General	Special Education	72-6428	143,069
General	At Risk (K-12)	72-6428	107,909
General	At Risk (4 Year Old)	72-6428	7,562
General	Vocational Education	72-6428	8,227
Supp General	Driver Training	72-6428	5,000
Supp General	Special Education	72-6428	75,000

Supp General	Food Service	72-6428	9,240
Supp General	Professional Development	72-6428	890
Supp General	Vocational Education	72-6428	22,243
Supp General	At Risk (K-12)	72-6428	253,561
Supp General	At Risk (4 Year Old)	72-6428	2,521
Supp General	Bilingual	72-6428	53,254

Note 10: Compliance with Kansas Statutes

- A. K.S.A. 10-1118 states that the Treasurer shall keep a record of the amount of money on hand in the treasury and of each particular fund. These records were maintained by the Clerk.
- B. K.S.A. 10-1113 requires each fund to comply with the cash-basis laws of Kansas. That is, no commitments or indebtedness should be incurred unless there is available cash in the fund. K.S.A. 10-1116a exempts expenditures by school districts that are in excess of current revenues if the deficit in revenues is caused by the late distribution of state aid. The general fund expenditures exceeded the fund balance due to the final June state aid payment for the 2010 fiscal year being received after June 30, 2010. The June state aid of \$82,440 was received on July 8, 2010.
- C. Contrary to the provisions of KSA 79-2935, expenditures in the bilingual education fund exceeded the adopted budget of expenditures for the year ended June 30, 2010.

Note 11: Other Post Employment Benefits

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

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

Note 12: Deferred Compensation Plan

District employees may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not

Note 12: Deferred Compensation Plan (continued)

available to employees until termination, retirement, death or in the case of limited specific circumstances.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income that is attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

As of June 30, 2010, the market value of the amount on deposit with the plan was \$24,381.

Note 13: Long-Term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2010, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Compensated Absences					17,336	-	911	16,425	-
Total Long-Term Debt					\$ 17,336	\$ -	\$ 911	\$ 16,425	\$ -

Note 13: Long-Term Debt Continued

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

Issue	06/30/11	06/30/12	06/30/13	06/30/14	06/30/15	2016 - 2020	2021 - 2025	Total
<b>Principal</b>								
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-	-	-	-	-
Total Principal	-	-	-	-	-	-	-	-
<b>Interest</b>								
General Obligation Bonds	-	-	-	-	-	-	-	-
Capital Leases	-	-	-	-	-	-	-	-
Total Interest	-	-	-	-	-	-	-	-
Total Principal and Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTE 14: COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)**

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

**UNIFIED SCHOOL DISTRICT NO. 200  
STATUTORY REVENUES AND EXPENDITURES  
STATUTORY AND BUDGET  
For the Year Ended June 30, 2010  
GENERAL FUND**

	Statutory Transactions	Budget	Variance Favorable (Unfavorable)
<b>Statutory Revenues</b>			
Ad Valorem Property Tax	\$ 664,967	\$ 646,818	\$ 18,149
Delinquent Tax	12,368	3,405	8,963
Mineral Production Tax	9,531	-	9,531
Business Equipment Tax	-	-	-
Federal ARRA Stabilization Aid	98,528	98,528	-
State Equalization Aid	1,018,015	1,146,272	(128,257)
State School District Finance	-	-	-
Special Education Aid	67,382	74,779	(7,397)
<b>Total Statutory Revenues</b>	<u>1,870,791</u>	<u>\$ 1,969,802</u>	<u>\$ (99,011)</u>
<b>Expenditures</b>			
Instruction	\$ 873,312	\$ 926,914	\$ 53,602
Student Support Services	53,766	51,840	(1,926)
Instructional Support Services	13,512	25,850	12,338
General Administration	146,928	148,033	1,105
School Administration	164,819	178,010	13,191
Operation and Maintenance	105,164	106,600	1,436
Operation and Maintenance (Trans)	5,585	5,700	115
Student Transportation Services	151,567	165,140	13,573
Transfer to Bilingual Education Fund	21,012	35,000	13,988
Transfer to Driver Training Fund	-	-	-
Transfer to Food Service Fund	44,000	30,059	(13,941)
Transfer to Professional Dev Fund	24,364	4,000	(20,364)
Transfer to Special Education Fund	143,069	75,000	(68,069)
Transfer to Vocational Education Fund	8,227	32,000	23,773
Transfer to At Risk (4 Year Old)	7,562	20,000	12,438
Transfer to At Risk (K-12)	107,909	165,660	57,751
Adjustment to Comply with Legal Max	-	(99,010)	(99,010)
<b>Total Expenditures</b>	<u>\$ 1,870,796</u>	<u>\$ 1,870,796</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	\$ (5)		
Modified Unencumbered Cash, Beginning	5		
Prior Year Cancelled Encumbrances	<u>290</u>		
Modified Unencumbered Cash, Ending	<u>\$ 290</u>		

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**APPENDIX C**

**SUMMARY OF FINANCING DOCUMENTS**

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## *APPENDIX C*

### **SUMMARY OF FINANCING DOCUMENTS**

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

#### **THE BOND RESOLUTION**

##### **DEFINITIONS**

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used herein shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

**“Act”** means the Constitution and statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 25-2018(f) and K.S.A. 72-6761, as amended and supplemented.

**“Authorized Denomination”** means \$5,000 or any integral multiples thereof.

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

**“Bond and Interest Fund”** means the Bond and Interest Fund of the Issuer for its general obligation bonds.

**“Bond Counsel”** means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.

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

**“Bond Purchase Agreement”** means the Bond Purchase Agreement between the Issuer and the Purchaser.

**“Bond Register”** means the books for the registration, transfer and exchange of Bonds kept at the office of the Bond Registrar.

**“Bond Registrar”** means the Security Bank of Kansas City, Kansas City, Kansas, and its successors and assigns.

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

**“Bonds”** means the Series 2011 Bonds.

**“Business Day”** means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

**“Cede & Co.”** means Cede & Co., as nominee of DTC and any successor nominee of DTC with respect to the Bonds.

**“Clerk”** means the duly appointed and/or elected Clerk or, in the Clerk's absence, the duly appointed Deputy Clerk or Acting Clerk of the Issuer.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder of the United States Department of the Treasury.

**“Consulting Engineer”** means an independent engineer or engineering firm, or architect or architectural firm, having a favorable reputation for skill and experience in the construction, financing and operation of public facilities, at the

time employed by the Issuer for the purpose of carrying out the duties imposed on the Consulting Engineer by the Bond Resolution.

**“Costs of Issuance”** means all costs of issuing the Bonds, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

**“Costs of Issuance Fund”** means the fund by that name created in the Bond Resolution.

**“Dated Date”** means April 1, 2011.

**“Debt Service Fund”** means the Fund by that name (within the Bond and Interest Fund) created by the Bond Resolution, consisting of an Interest Account and a Principal Account.

**“Debt Service Fund Deposits”** means the deposits into the Interest Account and Principal Account of the Debt Service Fund required by the Bond Resolution.

**“Debt Service Requirements”** means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

**“Defaulted Interest”** means interest on any Bond which is payable but not paid on any Interest Payment Date.

**“Defeasance Obligations”** means any of the following obligations:

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

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

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

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

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

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

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

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

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

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

**“District”** means Unified School District No. 200, Greeley County, Kansas (Greeley County Schools).

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

**“Event of Default”** means each of the following occurrences or events:

(a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise; or

(b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due;

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Resolution (other than the covenants relating to continuing disclosure contained in the Bond Resolution and the Disclosure Instructions and other than the covenants relating to federal tax matters contained in the Bond Resolution and in the Federal Tax Certificate) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

**“Expenditure Period”** means the three-year period beginning on the date of issuance of the Bonds.

**“Extension Period”** means any extension of the Expenditure Period granted to the Issuer by the Secretary of the Treasury.

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

**“Financeable Costs”** means the amount of expenditure for the Project which has been duly authorized by action of the governing body of the Issuer to be financed by a QSCB, less: (a) the amount of any temporary notes or general obligation bonds of the Issuer which are currently Outstanding and available to pay such Financeable Costs; and (b) any amount of Financeable Costs which has been previously paid by the Issuer or by any eligible source of funds unless such amounts are entitled to be reimbursed to the Issuer under State or federal law.

**“Fiscal Agent”** means the Paying Agent acting under the Fiscal Agent Agreement.

**“Fiscal Agent Agreement”** means the Fiscal Agent Agreement, dated as of the Dated Date, between the Issuer and the Fiscal Agent.

**“Fiscal Year”** means the twelve month period ending on June 30.

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

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

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

**“Interest Payment Date(s)”** means the Stated Maturity of an installment of interest on any Bond which, with respect to the Bonds, shall be March 1 and September 1 of each year, commencing March 1, 2012.

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

**“Issuer”** means the District and any successors or assigns.

**“Maturity”** when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and in the Bond Resolution provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

**“Moody's”** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the

functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

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

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

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

“**Participants**” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“**Paying Agent**” means Security Bank of Kansas City, Kansas City, Kansas, and any successors and assigns.

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

“**Person**” means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“**President**” means the duly elected and acting President, or in the President's absence, the duly appointed and/or elected Vice President or Acting President of the Issuer.

“**Project**” means that portion of the Improvements that qualify for financing from a QSCB.

“**Project Costs**” means all of the costs of the Project to the extent that such amounts are paid for the cost of construction, rehabilitation or repair of a public school facility or for the acquisition of land on which such facility is constructed with part of the proceeds of the Bonds, or to acquire equipment to be used in the portion of the public school facility that is being constructed, rehabilitated or repaired.

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

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

“**Qualified School Construction Bond**” or “**QSCB**” means a “qualified school construction bond” as defined in § 54F of the Code.

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

**“Rebate Fund”** means the fund by that name created by the Bond Resolution.

**“Record Dates”** for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

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

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

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

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

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

**“Series 2011 Bonds”** means the Taxable General Obligation Bonds (Qualified School Construction Bonds - Direct Payment to Issuer), Series 2011, authorized and issued by the Issuer pursuant to the Bond Resolution.

**“Principal Account Deposits”** means the deposits to the Principal Account of the Debt Service Fund on the dates and in the amounts set forth in the Bond Resolution.

**“Principal Account Requirement”** means the amount required to be on deposit in the Principal Account of the Debt Service Fund on the dates and in the amounts required by the Bond Resolution.

**“Special Record Date”** means the date fixed by the Paying Agent for the payment of Defaulted Interest.

**“Standard & Poor's”** means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

**“State”** means the state of Kansas.

**“State Treasurer”** means the duly elected Treasurer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the State.

**“Stated Maturity”** when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and the Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

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

**“Treasurer”** means the duly appointed and/or elected Treasurer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

**“United States Government Obligations”** means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

**ESTABLISHMENT OF FUNDS AND ACCOUNTS;  
DEPOSIT AND APPLICATION OF BOND PROCEEDS**

*Creation of Funds and Accounts.* Simultaneously with the issuance of the Bonds, the Fiscal Agent Agreement establishes the following Funds and Accounts to be held and administered by the Issuer and the Fiscal Agent in accordance with the provisions of the Bond Resolution and Fiscal Agent Agreement:

- (a) Project Fund;
- (b) Debt Service Fund;
- (c) Rebate Fund; and
- (d) Costs of Issuance Fund.

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

*Deposit of Bond Proceeds.* The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as described below under “THE FISCAL AGENT AGREEMENT—Disposition of Bond Proceeds.”

*Application of Moneys in the Project Fund.* Moneys in the Project Fund shall be held by the Fiscal Agent and used for the sole purpose of: (a) paying the costs of the Project, in accordance with the plans and specifications therefor prepared by the Consulting Engineer heretofore approved by the governing body of the Issuer and on file in the office of the Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consulting Engineer and approved by the governing body of the Issuer; and (b) paying interest on the Bonds during construction of the Project. Withdrawals from the Project Fund shall be made in accordance with the provisions of the Fiscal Agent Agreement. All money remaining in the Project Fund not expended for Project Costs by the close of the Expenditure Period (or any Extension Period), shall be used to pay the Redemption Price of the Bonds or portions thereof, pursuant to the Bond Resolution.

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

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

*Application of Moneys Held Under the Fiscal Agent Agreement.* Moneys in the Costs of Issuance Fund, the Project Fund and the Debt Service Fund shall be disbursed as provided by the Fiscal Agent Agreement. All money remaining in the Project Fund not expended for Project Costs by the close of the Expenditure Period (or any Extension Period), shall be used to pay the Redemption Price of the Bonds, or portions thereof, pursuant to Extraordinary Mandatory Redemption.

All money received from the Fiscal Agent representing earnings from money on deposit in the Debt Service Fund in excess of the sum of the total required annual debt service amounts for the current and all prior Fiscal Years shall be paid to the Issuer for deposit into the Bond and Interest Fund.

*Application of Moneys in the Debt Service Fund.* All amounts paid and credited to the Debt Service Fund shall be expended and used in accordance with the provisions of the Fiscal Agent Agreement for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar, Paying Agent and Fiscal Agent. The Treasurer is authorized and directed to transfer to the Fiscal Agent sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar, Paying Agent and Fiscal Agent, as and when the same become due, and to forward such sums to the Fiscal Agent in a manner which ensures that the Fiscal Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the

interest thereon, the Fiscal Agent shall return said funds to the Issuer. All moneys deposited with the Fiscal Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Bond Resolution and shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys.

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

***Application of Moneys in the Rebate Fund.*** There shall be deposited in the Rebate Fund, which shall be held by the Issuer, such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax Certificate), for payment to the United States of America, and neither the Issuer nor the Owner of any Bonds shall have any rights in or claim to such money.

***Application of Moneys in the Costs of Issuance Fund.*** Moneys in the Costs of Issuance Fund shall be used by the Fiscal Agent to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Fund, after payment of all Costs of Issuance, but not later than the 30 days prior to the first Stated Maturity of principal of the Bonds, shall be transferred to the Project Fund.

## **DEPOSIT AND INVESTMENT OF MONEYS**

***Deposits.*** Moneys in each of the Funds and Accounts shall be deposited in a bank, savings and loan association or savings bank which are members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law, and which meet certain guidelines of State law. All such deposits shall be held in cash or invested in Permitted Investments or shall be adequately secured as provided by the laws of the State.

***Investments.*** Moneys held in any Fund or Account may be invested in accordance with the Bond Resolution, the Fiscal Agent Agreement and the Federal Tax Certificate, in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account.

## **DEFAULT AND REMEDIES**

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

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Resolution or by the Constitution and laws of the State;

(b) by suit, action or other proceedings in equity or at law to require the Issuer, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

***Limitation on Rights of Owners.*** The covenants and agreements of the Issuer contained in the Bond Resolution and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds of any series shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the Funds and Accounts pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Resolution, or to enforce any right, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of such Outstanding Bonds.

**Remedies Cumulative.** No remedy conferred upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon.

## **DEFEASANCE**

When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Resolution and all other rights granted thereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until: (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption.

## **TAX COVENANTS**

**Elections.** The Issuer has elected to treat the Bonds as “qualified school construction bonds” under § 54F of the Code and as “specified tax credit bonds” under § 6431 of the Code eligible to receive a direct payment from the U.S. Treasury equal to the interest payable on the Bonds.

**General Covenants.** The Issuer covenants and agrees that it will comply with all applicable provisions of the Code necessary to maintain the election that the Bonds will qualify as a QSCB and “specified tax credit bonds” and that it will not use or permit the use of any proceeds of Bonds or any other funds of the Issuer, will not take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely effect such election.

**Survival of Covenants.** The tax covenants contained in the Bond Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds or any other provision of this Bond Resolution until such time as is set forth in the Federal Tax Certificate..

## **CONTINUING DISCLOSURE REQUIREMENTS**

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

**Failure to Comply with Continuing Disclosure Requirements.** In the event the Issuer fails to comply in a timely manner with its covenants contained in the Bond Resolution, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section.

## **MISCELLANEOUS PROVISIONS**

**Annual Audit.** Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such annual audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

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

be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Fund and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent. If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

**Amendments.** The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall: (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond; (c) permit preference or priority of any Bond over any other Bond; or (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Resolution.

Any provision of the Bonds or of the Bond Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the Issuer at any time in any legal respect with the written consent of the Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity in the Bond Resolution, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more precisely identify the Project, to reallocate proceeds of the Bonds, to provide for Substitute Improvements, to conform this Bond Resolution to the Code or future applicable federal law concerning QSCB's, "specified tax credit bonds" or tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

**Notices, Consents and Other Instruments by Owners.** Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Bond Resolution shall be in writing, and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Fiscal Agent and the Paying Agent. The Issuer, the Paying Agent, the Fiscal Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent. All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Fiscal Agent shall constitute a sufficient notice.

**Electronic Transactions.** The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

**Severability.** If any section or other part of the Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of the Bond Resolution.

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

## THE FISCAL AGENT AGREEMENT

### DEFINITIONS

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

**"Annual Valuation Date"** means September 1.

**“Authorized District Representative”** means the President of the Board of Education, the Superintendent, the Clerk, the Treasurer or such other person at the time designated to act on behalf of the District as evidenced by a written certificate furnished to the Fiscal Agent containing the specimen signature of such person and signed on behalf of the District by one of the above persons. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized District Representative.

**“Maximum Principal Account Amount”** means, on any date for deposits into the Principal Account, the aggregate sum of: (a) the original principal amount of the Bonds divided by the number of years from the Issue Date until the Stated Maturity; (b) times the number of years from the Issue Date until the date of calculation, as calculated and set forth on **Schedule II** attached to the Fiscal Agent Agreement. In the event of a partial redemption of the Bonds pursuant to **Section 301** of the Bond Resolution, the then current Maximum Principal Account Amount and all subsequent Maximum Principal Account Amounts shall be reduced by an amount equal to the percentage of then Outstanding Bonds to be prepaid multiplied by the Maximum Principal Account Amount on the date of such redemption.

**“Permitted Sinking Fund Yield”** means \_\_\_\_\_%.

**“Tax Analyst”** means Gilmore & Bell, P.C. or any successor tax analyst selected by the District to fulfill the requirements of the Tax Analyst set forth in this Agreement.

**“Value”** means the amount on deposit in the Principal Account determined pursuant to Treasury Regulations Section 1.148-5(d)(5).

**“United States Government Obligations”** means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in one of the two highest ratings categories (without regard to any plus or minus designations) by a nationally recognized credit rating agency and such obligations are held in a custodial account for the benefit of the District.

## **CREATION OF FUNDS**

The Fiscal Agent Agreement creates and establishes with the Fiscal Agent the following special and irrevocable trust funds and accounts to be held in trust by the Fiscal Agent within the Fiscal Agent’s trust department or related trust company for the benefit of the District and the Owners of the Bonds:

(a) Project Fund for Taxable General Obligation Bonds (Qualified School Construction Bonds - Direct Payment to Issuer), Series 2011;

(b) Debt Service Fund for Taxable General Obligation Bonds (Qualified School Construction Bonds - Direct Payment to Issuer), Series 2011, consisting of an Interest Account and a Principal Account;

(c) Costs of Issuance Fund for Taxable General Obligation Bonds (Qualified School Construction Bonds - Direct Payment to Issuer), Series 2011.

## **DISPOSITION OF BOND PROCEEDS**

On the Issue Date, net proceeds of the Bonds to be deposited in the Project Fund, Debt Service Fund and Costs of Issuance Fund will be transferred to the Fiscal Agent and deposited by the Fiscal Agent as follows:

(a) All accrued interest received from the sale of the Bonds shall be deposited in the Interest Account of the Debt Service Fund.

(b) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Fund.

(c) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Project Fund.

## **DISBURSEMENTS FROM THE COSTS OF ISSUANCE FUND**

Money in the Costs of Issuance Fund shall be disbursed by the Fiscal Agent for the payment of Costs of Issuance upon

receipt of requisition certificates signed by an Authorized District Representative and containing the statements, representations and certifications set forth in the form of such request attached to the Fiscal Agent Agreement. In making disbursements for Costs of Issuance, the Fiscal Agent may conclusively rely as to the completeness and accuracy of all statements in such requisition certificate without inquiry or investigation if such requisition certificate is signed by an Authorized District Representative. When the Fiscal Agent is furnished with a certificate of an Authorized District Representative stating that all Costs of Issuance have been paid, and in any case not later than three months from the Closing Date, the Fiscal Agent shall transfer any money remaining in the Costs of Issuance Fund to the Project Fund.

#### **DISBURSEMENTS FROM THE PROJECT FUND**

Moneys in the Project Fund shall be disbursed by the Fiscal Agent for the payment of Project Costs upon receipt of requisition certificates signed by an Authorized District Representative and containing the statements, representations and certifications set forth in the form of such request attached the Fiscal Agent Agreement. In making disbursements for Project Costs, the Fiscal Agent may conclusively rely as to the completeness and accuracy of all statements in such requisition certificate without inquiry or investigation if such requisition certificate is signed by an Authorized District Representative. It is understood that the Fiscal Agent shall not make any inspections of the Project nor any improvements thereon, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the Project. The submittal of each disbursement request by the District shall constitute unto the Fiscal Agent an irrevocable determination by the District that all conditions precedent to the payment of the specified amounts from the Project Fund has been completed.

Unless all money in the Project Fund has been spent 6 months prior to the close of the Expenditure Period, the Fiscal Agent shall provide a report to the District, which shall include the balance on hand in the Project Fund and a statement that such balance must be expended for Project Costs by the close of the Expenditure Period (or any Extension Period) or applied by the Fiscal Agent, as directed by an Authorized District Representative in writing, solely to the payment of the Redemption Price of the Bonds, or portions thereof, pursuant to the Bond Resolution. If any amounts remain in the Project Fund 90 days before the close of the Expenditure Period, the Fiscal Agent shall provide a similar report to the District and Bond Counsel at least 60 days before the close of the Expenditure Period. Failure by the Fiscal Agent to provide such report shall not open the Fiscal Agent to any liability for the failure of moneys in the Project Fund to be expended during the Expenditure Period (or any Extension Period).

#### **DEPOSITS TO THE DEBT SERVICE FUND**

Pursuant to the Bond Resolution, the Treasurer will transfer immediately available funds to the Fiscal Agent not less than one Business Day prior to each Interest Payment Date in the amounts described as interest on schedules attached to the Fiscal Agent Agreement. In addition, the Treasurer will transfer immediately available funds to the Fiscal Agent not less than one Business Day prior to each of the dates and in the amounts described as Principal Account Deposits on schedules attached to the Fiscal Agent Agreement. The Fiscal Agent agrees to deposit such money received from the District into the Interest Account and Principal Account, respectively, of the Debt Service Fund in accordance with the amounts shown on schedules attached to the Fiscal Agent Agreement. All funds deposited into the Interest Account and the Principal Account of the Debt Service Fund shall be invested pursuant to the Fiscal Agent Agreement. In addition, the District and the Fiscal Agent agree that money in the Principal Account of the Debt Service Fund will not be invested at a yield greater than the Permitted Sinking Fund Yield. Earnings on amounts within in the Interest Account and the Principal Account of the Debt Service Fund shall accrue and be credited to the respective account.

#### **DISBURSEMENTS FROM THE DEBT SERVICE FUND**

On each Interest Payment Date, the Fiscal Agent will, in the capacity as Paying Agent, pay interest due on the Bonds, as shown on schedules attached to the Fiscal Agent Agreement, from the Interest Account of the Debt Service Fund to the Owners of the Bonds in compliance with the requirements of the Bond Resolution. The Principal Account of the Debt Service Fund constitutes a sinking fund for the Bonds and, pursuant to § 54A(d)(4)(C) of the Code, (1) the Principal Account of the Debt Service Fund may not be funded at a rate more rapid than equal annual installments or in an amount greater than the Maximum Principal Account Amount and (2) the Bureau of Public Debt has established the Permitted Sinking Fund Yield applicable the Bonds. In accordance with the Federal Tax Certificate, 60 days prior to each required deposit to the Principal Account, with the assistance of a Tax Analyst, the Fiscal Agent will determine the Value of amounts on deposit in the Principal Account of the Debt Service Fund as of the next Annual Valuation Date. The amounts on deposit in the Principal Account of the Debt Service Fund are pledged to the repayment of the Bonds only to the extent such amounts do not exceed the Maximum Principal Account Amount as of the Annual Valuation Date. Fifteen (15) days prior to each required deposit to the Principal Account, to the extent the Value of amounts within the Principal Account of the Debt Service Fund exceed the Maximum Principal Account Amount, shown on schedules attached to the Fiscal Agent Agreement, the Fiscal Agent shall pay the excess to the District. Immediately following the final Interest Payment Date in each calendar year, the Fiscal Agent shall pay to the District all excess amounts on deposit in the Interest Account. Any amounts remaining

in the Debt Service Fund after payment of all principal of, redemption premium and interest on the Bonds, and all amounts of arbitrage rebate calculated in accordance with the provisions of the Federal Tax Certificate shall be paid to the District.

## **INVESTMENT OF MONEYS**

Moneys in all Funds and Accounts held by the Fiscal Agent shall, pursuant to written instructions received from an Authorized District Representative, be invested and reinvested in Permitted Investments (except for moneys in the Debt Service Fund which shall only be invested in United States Government Obligations). The Fiscal Agent may conclusively rely upon such instructions. The Fiscal Agent may make any investments permitted by the Bond Resolution through its own bond department or short term investment department or that of any affiliate of the Fiscal Agent and may pool moneys for investment purposes. Any such Permitted Investments shall be held by or under the control of the Fiscal Agent and shall be deemed at all times a part of the Fund or Account in which such moneys are originally held. The interest accruing and any profit realized from such investments shall be credited to such Fund or Account, and any loss resulting from such investments shall be charged to such Fund or Account. The Fiscal Agent shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any Fund or Account for the purposes of such Fund or Account and the Fiscal Agent shall not be liable for any loss resulting from such investments.

## **REPORTS OF THE FISCAL AGENT**

Unless providing statements more frequently, the Fiscal Agent shall render at least quarterly (not more than 30 days after each Interest Payment Date) an accounting to the District, showing in reasonable detail all financial transactions relating to the Funds and Accounts held by the Fiscal Agent under the Fiscal Agent Agreement, including the balance in such Funds as of the beginning and close of such accounting period.

## **FEES, CHARGES AND EXPENSES OF THE FISCAL AGENT**

The Fiscal Agent shall be entitled to payment of or reimbursement for reasonable fees for its ordinary services rendered hereunder and all agent and counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Fiscal Agent in connection with such ordinary services. If it becomes necessary for the Fiscal Agent to perform extraordinary services, the Fiscal Agent shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the neglect or misconduct of the Fiscal Agent it shall not be entitled to compensation or reimbursement therefor.

## **RESIGNATION OR REMOVAL OF FISCAL AGENT; SUCCESSOR FISCAL AGENT**

The Fiscal Agent may at any time resign and be discharged from its duties and responsibilities hereby created by giving written notice by registered or certified mail to the District and to the Owners of the Bonds not less than 60 days prior to the date when the resignation is to take effect. Such resignation shall take effect immediately upon the acceptance of the District of the resignation, the appointment of a successor Fiscal Agent (which may be a temporary Fiscal Agent) by the District, the acceptance of such successor Fiscal Agent of the terms, covenants and conditions of the Fiscal Agent Agreement, the transfer of all of the Funds to such successor Fiscal Agent and the completion of any other required actions.

The Fiscal Agent may be removed at any time by (a) the District upon compliance with the Bond Resolution or (b) an instrument or concurrent instruments in writing, delivered to the Fiscal Agent and the District and signed by the Owner of the Bonds. Any such removal shall become effective upon the appointment of a successor Fiscal Agent (which may be a temporary successor Fiscal Agent) by the District, the acceptance of such successor Fiscal Agent of the terms, covenants and conditions of the Fiscal Agent Agreement and the transfer of all of the Funds, including the moneys accumulated and held therein.

If the Fiscal Agent resigns or is removed, or is dissolved, or is in the course of dissolution or liquidation, or otherwise becomes incapable of acting hereunder, or if the Fiscal Agent is taken under the control of any public officer or officers, or of a receiver appointed by a court, the District shall appoint a temporary Fiscal Agent to fill such vacancy until a successor Fiscal Agent is appointed by the District in the manner above provided, and any such temporary Fiscal Agent so appointed by the District shall immediately and without further act be superseded by the successor Fiscal Agent so appointed.

If no appointment of a successor Fiscal Agent or a temporary successor Fiscal Agent has been made by the Owner of the Bonds or the District pursuant to the foregoing provisions within 60 days after written notice of resignation of the Fiscal Agent has been given to the District, the owner of the Bonds or any retiring Fiscal Agent may apply to any court of competent jurisdiction for the appointment of a successor Fiscal Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Fiscal Agent.

Every Fiscal Agent so appointed shall be a trust company or bank in good standing, be qualified to accept such appointment, and shall have a reported capital and surplus of not less than \$20,000,000. No successor Fiscal Agent shall be appointed unless such successor Fiscal Agent is a corporation authorized to do business in the State and organized under the banking laws of the United States or the State.

Every successor Fiscal Agent appointed shall execute, acknowledge and deliver to its predecessor and to the District an instrument in writing accepting such appointment hereunder, and thereupon such successor Fiscal Agent without any further act, deed or conveyance shall become fully vested with all the rights, immunities, powers, duties and obligations of its predecessor, but such predecessor shall, nevertheless, on the written request of such successor Fiscal Agent or the District, execute and deliver an instrument transferring to such successor Fiscal Agent all the properties, rights and powers of such predecessor hereunder, and every predecessor Fiscal Agent shall deliver all securities and money held by it to its successor. Should any transfer, assignment or instrument in writing from the District be required by any successor Fiscal Agent for more fully and certainly vesting in such successor Fiscal Agent the rights, powers and duties hereby vested or intended to be vested in the predecessor Fiscal Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the District.

Any corporation into which the Fiscal Agent, or any successor to it of the duties and responsibilities created by the Fiscal Agent Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Fiscal Agent or any successor to it may be a party, or any entity to which the Fiscal Agent may sell all or substantially all of its corporate trust assets, shall, if satisfactory to the District, be the successor Fiscal Agent under the Fiscal Agent Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding

## **AMENDMENTS**

The Fiscal Agent Agreement is made for the benefit of the District and the Owners of the Bonds, and it shall not be repealed, revoked, altered or amended except in accordance with the provisions of the Bond Resolution.

## **THE CONTINUING DISCLOSURE INSTRUCTIONS**

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

## **DEFINITIONS**

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

“**Annual Report**” means any Annual Report filed by the Issuer pursuant to the Disclosure Instructions.

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

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

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

“**Financial Information**” means the financial information of the Issuer 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 Issuer described under the heading **“PROVISION OF ANNUAL REPORTS – Operating Data.”**

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

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

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

## **PROVISION OF ANNUAL REPORTS**

The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's Fiscal Year, commencing with the Fiscal Year ended in 2011, file with the Repository, the Issuer's Financial Information and Operating Data (collectively, the “Annual Report”), as follows:

**Financial Information.** The audited financial statements of the Issuer for such prior Fiscal Year, prepared in accordance with generally accepted auditing standards, in substantially the format contained in *Appendix B* 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 summary unaudited financial information 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 Issuer are contained in *Appendix B* 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 Issuer 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 information and data contained in those sections of *Appendix A* to the Official Statement entitled “FINANCIAL INFORMATION—Assessed Valuations,” and “—Property Tax Levies and Collections” and “DEBT STRUCTURE – Current Indebtedness of the Issuer.”

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 Issuer 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 Issuer 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 Issuer'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 Issuer file the Annual Report; or if the Annual Report is not filed within the time period specified, the Issuer 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 Issuer shall give, or cause the Dissemination Agent, if any, to give, to the Repository within 10 Business Days after the occurrence of any of the following events with respect to the Bonds, 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 Bond, or other material events affecting the tax-exempt status of the Bonds;
- (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 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional Paying Agent or the change of name of the Paying Agent, if material.

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

## **DISSEMINATION AGENT**

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

**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 Issuer shall provide the Annual Report to the Dissemination Agent or the Repository. The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been filed pursuant to the Disclosure Instructions, stating the date it was filed, or that the Issuer has certified to the Dissemination Agent that the Issuer 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 Issuer 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 Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event.

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

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

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

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

## MISCELLANEOUS PROVISIONS

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

**Amendment; Waiver.** The Issuer and the Dissemination Agent, if any, may amend the Disclosure Instructions (and the Dissemination Agent shall not unreasonably refuse to execute any amendment so requested by the Issuer) and any provision of the Disclosure Instructions may be waived, provided that: (a) Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer and the Dissemination Agent, if any, with its opinion that the undertaking of the Issuer, as so amended or after giving effect to such waiver, is in compliance with the SEC Rule and all current amendments thereto and interpretations thereof that are applicable to the Disclosure Instructions; (b) if the amendment or waiver relates to 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 Bonds, or the type of business conducted; and (c) the amendment or waiver is either (1) approved by the Owners of the Bonds in the same manner as provided in the Bond Resolution with consent of the Owners, or (2) does not in the opinion of Bond Counsel materially impair the interests of the Owners or Beneficial Owners of the Bonds.

If there is an amendment or waiver, the Issuer 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 Issuer. 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 Issuer from disseminating any other information, using the means of dissemination set forth in the Disclosure Instructions or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by the Disclosure Instructions. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by the Disclosure Instructions, the Issuer shall have no obligation under the Disclosure Instructions to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

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

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

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

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

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