

## OFFICIAL STATEMENT

### NEW ISSUE - BOOK-ENTRY ONLY BANK QUALIFIED

**AGM INSURED RATING: S&P “AA”**  
**UNDERLYING RATING: S&P “A”**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”): (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; (2) the interest on the Bonds is exempt from income taxation by the State of Kansas; and (3) the Bonds are “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3). See “TAX MATTERS – Opinion of Bond Counsel” in this Official Statement.*

**\$8,820,000**  
**UNIFIED SCHOOL DISTRICT NO. 393,**  
**DICKINSON COUNTY, KANSAS (SOLOMON)**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2022**

**Dated: Date of Delivery**

**Due: September 1, As shown on inside cover**

The General Obligation Bonds, Series 2022 (the “Bonds”) will be issued by Unified School District No. 393, Dickinson County, Kansas (Solomon) (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 of the Bonds will be payable annually on September 1, beginning in 2023. Semiannual interest on the Bonds will be payable on March 1 and September 1, beginning on March 1, 2023 (the “Interest Payment Dates”). Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, 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.

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. See “THE BONDS-Security for the Bonds” herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



The Bonds maturing on September 1, 2030 and thereafter will be subject to redemption prior to maturity at the option of the Issuer on September 1, 2029 and any date thereafter, in whole or in part, at the redemption price of par, plus accrued interest to the date of redemption as more fully described herein. The Term Bonds are also subject to mandatory redemption 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 to the Issuer. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about January 27, 2022.

# STIFEL

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. “APPENDIX C – SUMMARY OF FINANCING DOCUMENTS” CONTAINS DEFINITIONS USED IN THIS OFFICIAL STATEMENT.

The date of this Official Statement is January 10, 2022

**\$8,820,000**  
**UNIFIED SCHOOL DISTRICT NO. 393,**  
**DICKINSON COUNTY, KANSAS (SOLOMON)**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2022**

**MATURITY SCHEDULE**

**Dated: Date of Delivery**

**Due: September 1, as shown below**

**SERIAL BONDS**

<b><u>Stated Maturity</u></b> <b><u>September 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP<sup>(1)</sup></u></b>
2023	\$50,000	4.000%	0.50%	253168BZ0
2024	240,000	4.000%	0.60%	253168CA4
2025	250,000	4.000%	0.75%	253168CB2
2026	260,000	4.000%	0.95%	253168CC0
2027	270,000	4.000%	1.10%	253168CD8
2028	280,000	4.000%	1.25%	253168CE6
2029	295,000	4.000%	1.35%	253168CF3
2030	305,000	4.000%	1.35%	253168CG1
2031	315,000	4.000%	1.45%	253168CH9
2032	330,000	3.000%	1.55%	253168CJ5
2033	345,000	2.000%	1.75%	253168CK2
2034	350,000	2.000%	1.85%	253168CL0
2035	360,000	2.000%	1.90%	253168CM8
2036	370,000	2.000%	2.00%	253168CN6
2037	375,000	2.000%	2.05%	253168CP1
2038	385,000	2.000%	2.10%	253168CQ9
2039	400,000	2.125%	2.15%	253168CR7
2040	410,000	2.125%	2.20%	253168CS5
2041	420,000	2.250%	2.25%	253168CT3
2042	435,000	2.250%	2.30%	253168CU0

**TERM BONDS**

<b><u>Stated Maturity</u></b> <b><u>September 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP<sup>(1)</sup></u></b>
2047	\$2,375,000	2.40%	2.40%	253168CZ9

(All plus accrued interest, if any)

<sup>(1)</sup> CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a subsidiary of The McGraw-Hill Companies, Inc. and is included solely for the convenience of the Owners of the Bonds. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix D - Specimen Municipal Bond Insurance Policy".

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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 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. 393,  
DICKINSON COUNTY, KANSAS (SOLOMON)**

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**BOARD OF EDUCATION**

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Brad Homman, Board Member & Vice President  
Todd Brungardt, Board Member  
Denise Miller, Board Member  
Wade Walker, Board Member  
Justin Zerbe, Board Member  
Dustin Dooley, Board Member

**ADMINISTRATIVE OFFICERS**

**SUPERINTENDENT**

Justin Coup

**CLERK**

Dean Ann Zsamba

**FINANCIAL ADVISOR**

Piper Sandler & Co.  
Leawood, Kansas

**BOND COUNSEL**

Gilmore & Bell, P.C.  
Wichita, Kansas

**CERTIFIED PUBLIC ACCOUNTANT**

Summers, Spencer & Company, P.A.  
Salina, Kansas

**UNDERWRITER**

Stifel, Nicolaus & Co., Inc.  
Birmingham, Alabama

No dealer, broker, salesman or other person has been authorized by the Issuer, Financial Advisor 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

**\$8,820,000**  
**UNIFIED SCHOOL DISTRICT NO. 393,**  
**DICKINSON COUNTY, KANSAS (SOLOMON)**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2022**

## INTRODUCTION

### General Matters

The purpose of this Official Statement is to furnish information relating to Unified School District No. 393, Dickinson County, Kansas (Solomon) (the “Issuer” or the “District”), and the General Obligation Bonds, Series 2022 (the “Bonds”) of the District, dated as of January 27, 2022 (the “Dated Date”), to be issued in the principal amount of \$8,820,000.

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

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

The material contained on the cover page, in the body and in the Appendices to this Official Statement are to be read in their entirety. All financial and other information presented herein has been compiled by the Financial Advisor. 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 District. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Bond Counsel has not assisted in the preparation nor reviewed this Official Statement, except to the extent described under the section captioned “LEGAL MATTERS,” and accordingly expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

### Definitions

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

### Continuing Disclosure

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. In connection with the issuance of the Bonds, the Issuer will enter into a continuing disclosure undertaking (the “Disclosure Undertaking”) wherein the Issuer covenants to annually provide certain financial information and operating data (collectively the “Annual Report”) and other information necessary to comply with the Rule, and to transmit the same to the MSRB. Pursuant to the Disclosure Undertaking, the Issuer has agreed to file its Annual Report with the national repository (“EMMA”) not later than April 1st immediately following the end of the Issuer’s Fiscal Year, commencing with the year ending June 30, 2021. In the Bond Resolution, hereinafter defined, the Issuer covenants with the Underwriter and the Beneficial Owners to apply the provisions of the Disclosure Undertaking to the Bonds. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Bonds. This is the Issuer’s initial undertaking under the Rule.

For more information regarding the Disclosure Undertaking, see “**APPENDIX D – THE FORM OF DISCLOSURE UNDERTAKING.**”

### Additional Information

Additional information regarding the District or the Bonds may be obtained from the District at the address set forth in the preface to this Official Statement, or from the Financial Advisor, Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas 66211 (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 *et seq.*, K.S.A. 10-620 *et seq.*, K.S.A. 25-2018(f), K.S.A. 72-5457 and K.S.A. 75-5458 *et seq.*, all as amended and supplemented from time to time (collectively, the "Act") and a resolution adopted by the governing body of the District (the "Bond Resolution").

### **Security for the Bonds**

The Bonds shall be general obligations of the District 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 District. The full faith, credit and resources of the District are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

### **Levy and Collection of Annual Tax, Transfer to Debt Service Account**

The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. Such taxes 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 transferred to the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

### **Description of the Bonds**

The Bonds shall consist of fully registered book-entry-only bonds in an Authorized Denomination and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, 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 inside cover page of this Official Statement (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.

The Treasurer of the State of Kansas, Topeka, 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.

### **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 or at the Redemption Date to the Person in whose name such Bond is registered on the Bond Register at the Maturity or at the Redemption Date 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 as described in this paragraph, 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, the Bonds maturing September 1, 2030 and thereafter may be called for redemption and payment prior to their Stated Maturity on September 1, 2029, and thereafter as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

**Mandatory Redemption.** (a) *2047 Term Bonds.* The 2047 Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on September 1 in each year, the following principal amounts of such 2047 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$445,000	2043
460,000	2044
475,000	2045
490,000	2046
505,000	2047*

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\*Final Maturity

**Selection of Bonds to be Redeemed.** Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine, Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in minimum Authorized Denomination in such equitable manner as the Bond Registrar may determine. In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination value represented by any Bond is selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such minimum Authorized Denomination value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination value called for redemption (and to that extent only).

**Notice and Effect of Call for Redemption.** Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and the Underwriter. 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 Undertaking. 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**

1. The Depository Trust Company (“DTC”), New York, New York, 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.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. 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 Direct and Indirect 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.

4. 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 DTC 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.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall 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.

7. 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).

8. 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 payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the 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.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

10. 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.

11. 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 and delivered to DTC.

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

## **THE PROJECT**

On November 2, 2021, the voters in the District approved the issuance of general obligation bonds in an amount not to exceed \$8,820,000, to pay the costs to construct, furnish and equip: (a) a new Pre-Kindergarten through 4<sup>th</sup> grade addition and demolish a portion of the existing elementary school; (b) an addition and renovation to the existing shop department; (c) a new kitchen and add onto the existing commons area to create a new Cafeteria; (d) improvements to the existing middle school facility; (e) a new track for physical education purposes and community use; and (f) all other necessary improvements appurtenant thereto. The Bonds are being issued to fund the costs of the Project.

## SOURCES AND USES OF FUNDS

The following table summarizes the sources and uses of funds associated with the issuance of the Bonds:

### Sources of Funds:

Principal Amount of the Bonds	\$8,820,000.00
Net Original Issue Premium	<u>379,896.60</u>
<b>Total</b>	<b><u>\$9,199,896.60</u></b>

### Uses of Funds:

Deposit to Improvement Fund	\$8,924,267.35
Deposit to Costs of Issuance Account	123,350.00
Deposit to Compliance Account	5,000.00
Underwriter's Discount including Bond Insurance	<u>147,279.25</u>
<b>Total</b>	<b><u>\$9,199,896.60</u></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 DISTRICT OR THE UNDERWRITER.***

### Taxation of Interest on the Bonds

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Bonds is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Bonds includable in gross income for federal income tax purposes.

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

### Market for the Bonds

***Bond Rating.*** The Bonds have been assigned the financial rating set forth in the section hereof entitled "BOND RATING." 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.

***Secondary Market.*** There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. 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 to suspend indefinitely secondary market trading in the Bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

## **Premium on Bonds**

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

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

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

## **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 District or the taxing authority of the District.

## **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 District 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.

## **Debt Service Source**

The Bonds are general obligations of the Issuer payable as to both principal and interest, if necessary, 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 Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation. See "**APPENDIX A – FINANCIAL INFORMATION – Property Valuations**" and "Property Tax Levies and Collections."

## **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 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.

## **Suitability of Investment**

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

## **Kansas Public Employees Retirement System**

As described in “**APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans**,” the Issuer participates in the Kansas Public Employees Retirement System (“KPERS”), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERS administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Public Employees Retirement System – State/School Group (the “Plan”). Under existing law, employees make contributions and the State makes all employer contributions to the Plan; the Issuer is not responsible for supplemental contributions or any unfunded accrued actuarial liability (“UAAL”). According to KPERS’ Valuation Reports, KPERS had an aggregate UAAL of approximately \$8.047 billion in calendar year 2019 and approximately \$7.562 billion in calendar year 2020, of which approximately \$6.545 billion (2019) and approximately \$6.143 billion (2020) was attributable to the State/School Group. No assurance can be given by the Issuer that future legislative action may require Issuer contributions to the Plan or mandated Issuer responsibility for a portion of the UAAL.

### **COVID-19 Pandemic**

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The Governor of the State has issued various Executive Orders in response to the COVID-19 pandemic, including Executive Orders temporarily preventing foreclosures and evictions, deferring certain tax deadlines and payments, instituting a temporary State-wide stay-at-home (expired as of May 2020), and instituting a mask mandate which granted each county the right to opt out of such order.

All K-12 schools within the State were closed for in-person instruction from March 2020 until the end of the 2019-2020 school year pursuant to the Governor’s order. For the 2021-2022 school year, school districts throughout the State have implemented varied approaches to instruction, including in-person, virtual, or “hybrid.”

The COVID-19 pandemic could result in increased costs to the Issuer and/or negative impacts on the collection of property taxes (a primary source of revenue for the Issuer, including for repayment of the Bonds) within the Issuer due to increased payment delinquencies or disruption of the collection or distribution of property taxes. The State provides a portion of operational funding and debt service payments for public school districts in the State. The impact of COVID-19 on the State’s revenue and, therefore, its ability to provide school funding at current levels cannot be determined at this time. All such factors could have a material adverse effect on the Issuer’s operations and financial condition. As of the date hereof, the Issuer has not experienced material adverse changes relative to its adopted budget with regard to expenditures or receipt of revenues.

State and local governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax collections that are essential to repayment of the Bonds, may deviate from historical or anticipated levels.

The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The Issuer is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the Issuer.

### **Cybersecurity Risks**

Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the Issuer and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If a security breach occurs, the Issuer may incur significant costs to remediate possible injury to the affected persons, and the Issuer may be subject to sanctions and civil penalties. Any failure to maintain proper functionality and security of information systems could interrupt the Issuer’s operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

### **Natural Disasters or Terrorist Attacks**

The occurrence of a terrorist attack in the Issuer, or natural disasters, such as fires, tornados, earthquakes, floods or droughts, could damage the Issuer and its systems and infrastructure, and interrupt services or otherwise impair operations of the Issuer.

## **BOND INSURANCE**

### **BOND INSURANCE POLICY**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **ASSURED GUARANTY MUNICIPAL CORP.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

#### *Current Financial Strength Ratings*

On October 20, 2021, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2021, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

#### *Capitalization of AGM*

At September 30, 2021:

- The policyholders' surplus of AGM was approximately \$2,910 million.
- The contingency reserve of AGM was approximately \$963 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,124 million. Such amount includes (i) 100% of the net unearned premium



reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

#### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 (filed by AGL with the SEC on November 5, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### *Miscellaneous Matters*

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

### **BOND RATING**

S&P Global Ratings, a division of the S&P Global, Inc. has assigned an independent rating of "A" to the Bonds. S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, has assigned a rating of "AA" to the Bonds with the understanding that, upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by AGM. 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 the 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 effect 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 affect 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"), bond counsel to the District. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the District 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.

## TAX MATTERS

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

In the opinion of Bond Counsel, under the law existing as of the issue date of the Bonds:

***Federal Tax Exemption.*** The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

***Alternative Minimum Tax.*** Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

***Bank Qualification.*** The Bonds are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3).

***Kansas Tax Exemption.*** The interest on the Bonds is exempt from income taxation by the State of Kansas.

Bond Counsel's opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the

Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

### **Other Tax Consequences**

**Original Issue Discount.** For Federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of such Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Because the March 1, 2023, interest payment will be paid more than one year after the Bonds are issued, such interest payment does not constitute qualified stated interest, and the stated redemption price at maturity of each Bond includes such interest payment.

Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

**Original Issue Premium.** For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

**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.

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

## **FINANCIAL ADVISOR**

Piper Sandler & Co., Leawood, Kansas has acted as a 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 fees of the Financial Advisor are contingent upon the issuance of the Bonds. The Financial Advisor will not submit a bid for the sale of the Bonds pursuant to Municipal Securities Rulemaking Board Rule G-23.

## **UNDERWRITING**

The Bonds have been sold at public sale by the Issuer to Stifel, Nicolaus & Co., Inc., Birmingham, Alabama (the "Underwriter") on the basis of lowest true interest cost. Three bids were received by the Issuer. The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price equal to the principal amount of the Bonds, plus a net premium of \$379,896.60, less an underwriting discount of \$147,279.25.

The Bonds will be offered to the public initially at the prices determined to produce the yield to maturity or applicable redemption date set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the 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.

## **AUTHORIZATION OF OFFICIAL STATEMENT**

The preparation of this Official Statement and its distribution has been authorized by the governing body of the District 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 District, or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Bonds.

**UNIFIED SCHOOL DISTRICT NO. 393  
DICKINSON COUNTY, KANSAS (SOLOMON)**

## ***APPENDIX A***

### **INFORMATION CONCERNING THE ISSUER**

#### **GENERAL**

##### **Size and Location**

Unified School District No. 393, Dickinson County, Kansas (Solomon) (The "Issuer" or the "District") is situated in Dickinson, Ottawa, and Saline Counties of north central Kansas. The District office is located in Solomon, Kansas, which is situated approximately 90 miles north of the City of Wichita, Kansas. The District's service area encompasses approximately 187.5 square miles and has a current estimated population of 1,976.

##### **Government and Organization of the District**

The Issuer is a unified school district organized and existing under and pursuant to the Constitution and laws of the State of Kansas. The District became unified in the year 1965 and is governed by a seven-member Board of Education which sets policy governing educational and administrative operations. The District has 3 voting districts with 2 Board Members elected from each district and 1 Board Member elected at-large.

##### **District Facilities**

The District operates one elementary school and one junior/senior high school. The following table lists the history of enrollment in the District's schools for the years indicated.

<u><b>2016/17</b></u>	<u><b>2017/18</b></u>	<u><b>2018/19</b></u>	<u><b>2019/20</b></u>	<u><b>2020/21</b></u>	<u><b>2021/22</b></u>
316	311	324	338	365	378

Source: Kansas State Department of Education/USD 393 Enrollment Numbers

##### **Higher Educational Facilities**

Higher education institutions located within 100 miles of the District include, Cloud County Community College in Concordia, Kansas; Kansas State University-Salina, Kansas Wesleyan University, Brown Mackie College, and Academy of Hair Design, Inc. in Salina, Kansas; Kansas State University in Manhattan, Kansas; Wichita State University, Friends University and Kansas Newman College in Wichita, Kansas; Bethel College in North Newton, Kansas, Bethany College in Lindsborg, Kansas; Sterling College in Sterling, Kansas; McPherson College and Central College in McPherson, Kansas; and Tabor College in Hillsboro, Kansas.

##### **Municipal Services and Utilities**

The City of Solomon owns and operates its own water and sewer utility systems for use by District residents. DS&O Rural Electric Co-op provides electric service and Kansas Gas Service provides natural gas service to District residents. Telephone service to District residents is provided through SBC and various long distance telephone service providers.

##### **Transportation and Communication Facilities**

Four state highways serve the District. Interstate 70, which runs east-west through the state of Kansas, runs directly through Dickinson and Saline Counties. Interstate 135, which runs north-south, is located 12 miles west of the District. Rail service is provided by the Burlington Northern & Santa Fe and the WATCO railroads. Twenty freight lines and interstate carriers service the District's motor freight needs. Package delivery service to District residents is provided by United Parcel Service, Air Express, and the United States Postal Service. The nearest commercial air service is available in Salina, Kansas, approximately 20 miles northeast of Solomon. There is a public access airport available approximately 7 miles from Solomon in Abilene, Kansas, containing a lighted and paved runway, as well as private aircraft storage.

##### **Medical and Health Facilities**

There is a 68-bed hospital in nearby Abilene, Kansas that provides District residents with medical and emergency medical care. Additionally, there are medical clinics, dentists, optometrists, chiropractors, an osteopath, a podiatrist and pharmacies located in Abilene. District residents have access to two assisted living centers offering a wide range of services including housing and 24-hour nursing services.

## Recreational and Cultural Facilities

Located within 25 miles of Solomon are public parks, golf courses, tennis courts, swimming pools, country clubs, museums, libraries, a YMCA, and theatres for use by District residents. In addition, there is a public access lake approximately 35 miles from Solomon which provides swimming, fishing, water skiing, boating and camping opportunities to District residents.

## ECONOMIC INFORMATION

### Labor Force

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

#### DICKINSON COUNTY, KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2016	9,209	8,803	406	4.4%
2017	9,282	8,930	352	3.8%
2018	9,126	8,813	313	3.4%
2019	8,893	8,580	313	3.5%
2020	8,873	8,442	431	4.9%

#### STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2016	1,491,961	1,431,920	60,041	4.0%
2017	1,483,648	1,429,911	53,737	3.6%
2018	1,483,633	1,434,852	48,781	3.3%
2019	1,493,666	1,446,448	47,218	3.2%
2020	1,497,003	1,408,995	88,008	5.9%

*Source:* Kansas Department of Labor

### Retail Sales Tax Collections

The following table lists Dickinson County's state sales tax collections for the years indicated.

<u>Year</u>	<u>Sales Tax Collections</u> <sup>1</sup>	<u>Per Capita Sales Tax</u> <sup>2</sup>
2016	\$11,833,824	\$621.15
2017	12,048,387	626.65
2018	14,306,629	643.64
2019	13,872,876	753.29
2020	15,132,361	790.42

The statewide sales and use tax was 6.15% effective July 1, 2013, and increased to 6.50%, effective July 1, 2015.

<sup>1</sup> Represents amounts for State sales tax only in the calendar years 2016–2017 and State sales and use taxes in the years 2018–2020.

<sup>2</sup> Represents amounts for State sales tax only in the fiscal years 2016–2018 and State sales and use taxes in the years 2019–2020.

*Source:* Kansas Statistical Abstract

## Financial and Banking Institutions

There are currently 10 banks located in Dickinson County. For the years listed, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u>
2017	\$405,612,000
2018	405,077,000
2019	408,608,000
2020	485,401,000
2021	535,209,000

*Source:* FDIC

## Oil Production

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

<u>Year</u>	<u>Oil Production</u>
2016	6,594
2017	6,824
2018	6,380
2019	5,188
2020	4,290

*Source:* Kansas Geological Survey

## Population

The following table shows the approximate population of Dickinson County and the City of Solomon in the years indicated:

<u>Year</u>	<u>City of Solomon Population</u>	<u>Dickinson County Population</u>
1980	1,018	20,175
1990	939	18,958
2000	1,072	19,344
2010	1,095	19,754
2020	993	18,402

*Source:* U.S. Census Data & Kansas Statistical Abstract

## Personal Income

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

<u>Year</u>	<u>Dickinson County Personal Income</u>	<u>Dickinson County Per Capita Personal Income</u>	<u>State of Kansas Per Capita Personal Income</u>
2016	\$710,522,000	\$37,453	\$47,557
2017	735,252,000	39,049	49,033
2018	765,694,000	41,120	51,139
2019	788,044,000	42,873	53,203
2020	864,862,000	47,348	56,099

*Source:* Bureau of Economic Analysis

## 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'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, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the District prior to August 25 of each year.

The District may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the District and the assessed valuations provided by the County appraiser. In 2021, the Kansas Legislature passed legislation (the "Revenue Neutral Tax Act") that repeals the "tax lid" (formerly K.S.A. 79-2925c) and provides that, beginning January 1, 2021, a taxing subdivision (which includes any political subdivision of the State that levies an ad valorem property tax, including the District) is not authorized to levy a property tax rate in excess of its revenue neutral rate without first providing notice, holding a public hearing, and authorizing such property tax rate by majority vote of its governing body (the "Revenue Neutral Tax Act"). The revenue neutral rate means the tax rate for the current tax year that would generate the same property tax revenue as levied the previous tax year using the current tax year's total assessed valuation.

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must first publish notice of a public hearing and notify, by July 20, the county clerk of the taxing subdivision's intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement, (5) the appraised value and assessed value of the taxpayer's property, (6) estimates of the tax for the current tax year on the taxpayer's property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by a majority vote of its governing body, and the amount of tax to be levied must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.

The District cannot predict the impact of the Revenue Neutral Tax Act on the ratings on the Bonds, or the general rating of the District. A change in the rating on the Bonds or a change in the general rating of the District may adversely impact the market price of the Bonds in the secondary market.

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 Summers, Spencer & Company, P.A, Salina, 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, 2020 are attached hereto as *Appendix B*.



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

## **Property Valuations**

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties under the direction of state statutes. The 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.

Property subject to ad valorem taxation 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.

The Kansas Legislature (the "Legislature") reduced the applicable assessment rates on motor vehicles from 30% of market value to 20% of market value as of January 1, 2000.

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

The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation.

## Assessed Valuation

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

### DICKINSON COUNTY PORTION OF THE DISTRICT

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2017	\$11,271,963	\$470,290	\$2,597,583	\$1,682,747	\$16,022,583
2018	11,627,853	457,443	2,871,444	1,674,028	16,630,768
2019	11,769,705	467,995	2,900,784	1,775,590	16,914,074
2020	11,959,787	460,518	3,027,822	1,829,417	17,277,544
2021*	12,235,225	452,838	3,311,693	1,829,417	17,829,173

\* 2021 motor vehicle valuation not yet available; 2020 data used for estimation purposes only.

**Source:** Dickinson County Clerk

### OTTAWA COUNTY PORTION OF THE DISTRICT

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2017*	\$3,121,376	\$46,317	\$864,623	\$207,138	\$4,239,454
2018*	3,356,892	55,530	939,537	207,138	4,559,097
2019*	3,498,878	68,156	836,009	207,138	4,610,181
2020	3,602,211	45,894	908,554	207,138	4,763,797
2021*	3,572,033	59,033	676,144	207,138	4,514,348

\* 2017-2019 motor vehicle valuation not available; 2021 motor vehicle not yet available; 2020 data used for estimation purposes only.

**Source:** Ottawa County Clerk

### SALINE COUNTY PORTION OF THE DISTRICT

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2017	\$6,162,742	\$147,742	\$1,916,455	\$524,416	\$8,751,355
2018	6,469,425	146,347	2,281,157	491,218	9,388,147
2019	6,656,060	136,771	2,182,096	505,429	9,480,356
2020	6,676,679	138,513	2,240,410	541,860	9,597,462
2021	6,725,354	135,042	2,235,402	452,659	9,548,457

**Source:** Saline County Clerk

### TOTAL ASSESSED VALUATION FOR THE DISTRICT

<u>Year</u>	<u>Total Valuation</u>
2017	\$29,013,392
2018	30,578,012
2019	31,004,611
2020	31,638,803
2021*	31,891,978

\* 2021 motor vehicle valuation not yet available; 2020 data used for estimation purposes only.

## Estimated Actual Valuation

The following table shows the estimated actual valuation assuming an average assessment ratio of 16% for property within the District for the following years:

<u>Year</u>	<u>Estimated Market Value</u>
2017	\$181,333,700
2018	191,112,575
2019	193,778,819
2020	197,742,519
2021*	199,324,863

\*Preliminary motor vehicle values used.

## Property Tax Levies and Collections

### School District Funding Formula

**Overview.** The Kansas School Equity and Enhancement Act, adopted by the Kansas Legislature in 2017 and amended in 2018 (collectively the “KSEEA”), implemented a revised method of funding primary and secondary public education in the State of Kansas (the “State”). This overall funding formula, together with other existing legislation relating to education funding (collectively the “Plan”), contains many foundational characteristics of the funding plan employed by the State from 1992 to 2015, with certain modifications made in recent years in response to lawsuits challenging the constitutionality of the State’s school funding plans and the court decisions rendered. The following is a high-level summary of the Plan and certain funds and accounts created thereunder. This summary does not purport to be comprehensive.

**Funding for the Plan.** In general, funding for the Plan is provided by a State-mandated 20-mill property tax, motor vehicle tax collections, grants, certain federal impact aid and remaining fund balances (the “School Financing Sources”). School districts are also allowed to levy certain ad valorem taxes to fund operations. The District’s Bond and Interest Fund, from which principal and interest payments on general obligation bonds are financed, is a separate, unrestricted levy of ad valorem taxes.

**General Fund.** Revenue to support general fund operations is provided to districts through the State’s total foundation aid (“TFA”). TFA is determined by a formula which provides a fixed amount of funding per student, titled base aid for student excellence (“BASE”). TFA is calculated each year by multiplying BASE by the adjusted enrollment of a district. Adjusted enrollment means the district’s full-time enrollment adjusted by certain weighting factors related to the estimated cost of educating certain students. The amount of TFA that a district actually receives each year from the State is determined each school year by the State Board of Education (the “State Board”) and is a function of the district’s School Financing Sources and TFA.

A 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 is paid on July 1 or as soon thereafter as funds are available for such payment. State law permits such funds to be recorded and accounted by the district as if received on June 30.

**Supplemental General Fund.** In order to provide additional funding for operations, the Plan provides for the creation of a supplemental general fund that can be used for the same purposes as the general fund. Such supplemental general fund shall be implemented through a local option budget (“LOB”) approved by the district’s governing body and financed by an ad valorem tax levied within the district. Each district shall provide for an LOB in an amount not less than 15% of the district’s TFA. In addition, any district, by resolution of its governing body, may provide for an increased LOB, and depending on amount, may be subject to notice and protest and/or referendum. A district that has adopted a LOB is eligible for supplemental general state aid determined by a formula that takes into account the district’s assessed value per pupil (“AVPP”) and other factors.

The District has a LOB in an amount of 30% of its TFA which generates approximately \$1,000,000 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 upon all taxable tangible property within the district. Prior to instituting a capital outlay levy, the district’s governing body must adopt a resolution declaring an intent to institute the levy, and the resolution must be published and is subject to protest petition. Funds generated by a district’s capital outlay levy may be expended for certain capital improvements, equipment and expenses provided by the Plan. A district may also issue general obligation capital outlay bonds, in an amount determined by formula, that are expected to be repaid from funds derived from the capital outlay levy. The District has a current capital outlay levy of 8.000 mills, which generates approximately \$300,000 of revenues annually.

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.

**Capital Improvement Fund.** There is established in the State Treasury the school district Capital Improvement Fund (“CIF”). The CIF is intended to assist districts in making principal and interest payments on voted general obligation bond issues. Subject to an annual cap on total State CIF expenditures, each district may apply to the State Board to receive CIF State aid in an amount inversely related to its AVPP. Determination of CIF funding was not modified by KSEEA.

The District’s entitlement to State aid from the CIF each year is determined by applying the state aid percentage factors to the bond and interest fund payment obligation for that year. It is anticipated that the CIF will pay approximately

0% of the District's debt service on bonds for the school year 2021-2022 which were authorized by voters after July 1, 2015. No assurance can be given that State CIF assistance will continue in future years. However, the District is obligated to levy unlimited ad valorem taxes to provide for debt service payments on the Bonds, regardless of any State CIF aid.

*Other State Funding.* The Plan also provides additional State aid to school districts for various specific purposes and also provides increased funding based on certain weighting factors.

***Ongoing Litigation.*** The methods employed by the State for funding primary and secondary education, including the Plan, have been regularly subject to lawsuits challenging the constitutionality of such methods. Certain lawsuits have successfully asserted that various components of State funding are constitutionally inadequate and/or inequitable, and the resulting court decisions have mandated that the Legislature address such deficiencies within provided deadlines. In response, the Legislature has actively amended and revised components the State funding formula.

The KSEEA is currently subject to ongoing litigation. On June 25, 2018, the Kansas Supreme Court (the "Court") held that the KSEEA satisfied constitutional provisions based on equity but was unconstitutional with respect to financial adequacy, relating primarily with respect to inflationary factors for funding in future years. Among other items, the Court's opinion: (1) permitted the KSEEA to remain in temporary effect; (2) provided guidance for obtaining adequacy compliance; (3) stayed the opinion's mandate until June 30, 2019, or until further order of the Court, to provide the Legislature an opportunity to address the Court's ruling (the "Stay"); and (4) retained jurisdiction over the State's appeal. In response to the Court's June 2018 ruling, the Kansas Legislature passed and the Governor signed House Substitute for Senate Bill 16 ("SB 16") amending the KSEEA. In an opinion dated June 14, 2019, the Court subsequently held that, due to the additional funding contained in SB 16, the State substantially complied with the Court's mandate regarding financial adequacy and the KSEEA, as amended by SB 16, was constitutionally compliant. The Court retained jurisdiction to ensure continued compliance with that mandate.

The impact on the District and the Plan of the ongoing and any future litigation is not able to be determined at this time. There can be no assurance that the Plan or any components thereof will continue in their current form. Additionally, as stated by the Court in previous decisions regarding the Plan, the implementation of an unconstitutional system of school funding system may be enjoined, in which case it could be possible that funds could not be raised, distributed or spent for the operation of public primary and secondary schools in the State.

#### ***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.

#### ***Tax Rates:***

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 the years as set forth below:

<u>Year</u>	<u>General</u>	<u>Supplemental General</u>	<u>Capital Outlay</u>	<u>Bond &amp; Interest</u>	<u>Other</u>	<u>Total Mill Levy</u>
2017/18	20.000	19.908	7.986	0.000	0.998	48.892
2018/19	20.000	19.457	7.998	0.000	1.000	48.455
2019/20	20.000	22.824	7.993	0.000	0.999	51.816
2020/21	20.000	21.298	7.995	0.000	0.999	50.292
2021/22	20.000	20.867	7.992	0.000	1.000	49.859

**Source:** Dickinson County Clerk

***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>City of Solomon</u>	<u>Dickinson County</u>	<u>Ottawa County</u>	<u>Saline County</u>	<u>School District</u>	<u>State</u>
2017/18	57.947	53.402	48.892	37.321	48.892	1.500
2018/19	59.953	54.019	48.455	38.437	48.455	1.500
2019/20	61.408	55.925	51.816	41.097	51.816	1.500
2020/21	60.929	55.893	50.292	40.606	50.292	1.500
2021/22	61.893	56.971	49.859	39.782	49.859	1.500

**Source:** County Clerks

***Tax Collection Record:***

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

**DICKINSON COUNTY**

<u>Assessment Year</u>	<u>Collection Year</u>	<u>Total Taxes Levied</u>	<u>Current &amp; Delinquent Tax Collections</u>	<u>Percent of Levy Collected</u>
2016	2017	\$662,281	\$661,768	99.92%
2017	2018	664,050	654,524	98.57%
2018	2019	687,578	685,369	99.68%
2019	2020	746,534	743,420	99.58%
2020	2021*	739,011	731,863	99.03%

\* Collections through 11/15/21

**Source:** Dickinson County Treasurer

**OTTAWA COUNTY**

<u>Assessment Year</u>	<u>Collection Year</u>	<u>Total Taxes Levied</u>	<u>Current &amp; Delinquent Tax Collections</u>	<u>Percent of Levy Collected</u>
2016	2017	\$181,809	\$180,295	99.17%
2017	2018	193,927	193,651	99.86%
2018	2019	207,665	207,846	100.09%
2019	2020	224,918	225,644	100.32%
2020	2021*	225,909	226,120	100.09%

\* Collections through 11/30/21

**Source:** Ottawa County Treasurer

## SALINE COUNTY

Assessment <u>Year</u>	Collection <u>Year</u>	Total Taxes <u>Levied</u>	Current & Delinquent Tax <u>Collections</u>	Percent of Levy <u>Collected</u>
2016	2017	\$378,253	\$378,237	99.99%
2017	2018	394,020	393,988	99.99%
2018	2019	423,319	417,799	98.70%
2019	2020	456,766	456,721	99.99%
2020	2021*	447,929	445,332	99.42%

\* Collections through 11/9/21

**Source:** Saline County Treasurer

### ***Major Taxpayers:***

The following table sets forth the largest taxpayers in the District for taxes paid during 2021:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Total Tax</u>
DS&O RURAL ELECTRIC COOP ASSN INC	\$1,744,626	\$299,282.28
SOLOMON CORPORATION	1,243,865	215,452.64
EVERGY KANSAS CENTRAL, INC	658,976	85,202.98
UNION PACIFIC RAILROAD CO	378,120	56,881.28
SOLOMON CORP DBA SOLOMON ELEC SUPPLY	263,010	45,973.88
INDIVIDUAL	213,580	37,268.04
DG 3, LLC	198,008	34,611.60
KANSAS GAS SERVICE - DIV OF ONE GAS, INC	159,584	26,996.60
DUNN FAMILY FARMS, LLC	162,586	21,030.46
INDIVIDUAL	124,589	16,401.40

**Source:** Dickinson County Clerk

### **Pension and Employee Retirement Plans**

The Issuer 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 each of whom serve four-year terms. The board of trustees appoints an executive director to serve as the managing officer of KPERS and manage a staff to carry out daily operations of the system.

As of December 31, 2020, KPERS serves approximately 326,000 members and approximately 1,500 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 approximately 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, the majority of which comes from the State General Fund.

(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.

KPERS is currently a qualified, governmental, § 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, which are funded solely by employer contributions. The Issuer's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

In 2021, the Legislature authorized the issuance of revenue bonds to provide net proceeds of up to \$500 million (the "Revenue Bonds") the proceeds of which must be applied to the unfunded actuarial pension liability as directed by KPERS. The Revenue Bonds in the principal amount of \$504,535,000 were issued August 26, 2021. The repayment of the Revenue Bonds shall be subject to legislative annual appropriation, shall not be an obligation of the KPERS system, and the full faith and credit or taxing power of the State shall not be pledged to the repayment of the Revenue Bonds. Due to the authorization of the Revenue Bonds, the Legislature changed the State/School employer contribution rate from 14.09% to 13.33% for fiscal year 2022 and from 13.86% to 13.11% for fiscal year 2023.

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. The State's contribution is 13.33% of the employee's gross salary for the period beginning July 1, 2021, through June 30, 2022, and is projected to change to 13.11% for the period beginning July 1, 2022, through June 30, 2023. In addition, the Issuer contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees.

According to the Valuation Report as of December 31, 2020 (the "2020 Valuation Report") the KPERS School Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$5.257 billion at the end of 2020. The amount of the UAAL in 2020 changed from the previous year's amount due to the factors discussed in the 2020 Valuation Report; such report also includes additional information relating to the funded status of the KPERS School Group, including recent trends in the funded status of the KPERS School Group. A copy of the 2020 Valuation Report is available on the KPERS website at [kpers.org/about/reports.html](http://kpers.org/about/reports.html). The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2020 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS School Group. The 2020 Valuation Report sets the employer contribution rate for the period beginning July 1, 2023, for the KPERS School Group, and KPERS' actuaries identified that an employer contribution rate of 13.38% of covered payroll would be necessary, in addition to additional employer contributions of 0.60% for the period beginning July 1, 2023 (related to contribution reductions for the KPERS School Group approved by the Legislature), and statutory contributions by covered employees to eliminate the UAAL by the end of the actuarial periods set forth in the 2020 Valuation Report. Because the annual growth in employer contribution rates is limited by State law, the actual contribution rate permitted at the time of calculation was only 12.57%. As a result, members of the School Group are underfunding their projected actuarial liabilities and the UAAL can be expected to grow over time. KPERS' actuaries project the required employer contribution rate to increase by an amount not exceeding the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter, until such time as the permitted rate equals the actuarial rate.

## DEBT STRUCTURE

### Debt Summary

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

Assessed Valuation.....	\$31,891,978
Estimated Actual Valuation.....	\$199,324,863
Outstanding General Obligation Bonds <sup>(1)</sup> .....	\$8,820,000
Overlapping Debt .....	\$623,944
Direct debt per capita (population 1,976).....	\$4,463.56
Direct and overlapping debt per capita.....	\$4,779.32
Direct debt as a percentage of Assessed Valuation .....	27.66%
Direct & overlapping debt as a percentage of Assessed Valuation .....	29.61%
Direct debt as a percentage of Estimated Actual Valuation .....	4.42%
Direct & overlapping debt as a percentage of Estimated Actual Valuation .....	4.74%

<sup>1</sup>Includes this issue.

## Current Indebtedness of the Issuer

The following table sets forth as of the date of issuance of the Bonds all of the outstanding obligations of the District including the Bonds:

### GENERAL OBLIGATION BONDS

<u>Category of Indebtedness</u>	<u>Series</u>	<u>Dated Date</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
General Obligation Bonds <sup>(1)</sup>	2022	1/27/2022	9/1/2047	<u>\$8,820,000</u>	<u>\$8,820,000</u>
				Total	<u>\$8,820,000</u>

<sup>(1)</sup> This Issue.

### LEASE OBLIGATION

As of June 30, 2021, the District does not have any outstanding lease obligations.

## History of General Obligation Indebtedness

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

## Overlapping and Underlying Indebtedness

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

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to Issuer</u>	<u>Amount Applicable to Issuer</u>
City of Solomon	\$8,358,310	\$530,000	100%	\$530,000
Dickinson County	253,738,068	957,164	7.03%	67,289
Hospital District #1	161,809,684	-0-	100%	-0-
Ottawa County	91,352,574	4,170,000	0.56%	23,464
Saline County	623,163,788	208,554	1.53%	3,191
City of New Cambria	640,882	-0-	100%	-0-
			Total	<u>\$623,944</u>

**Source:** County Clerks

## Future Indebtedness

The District does not have any plans to issue additional debt in the near future.

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***APPENDIX B***

**FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
(FOR THE FISCAL YEAR ENDED JUNE 30, 2020)**

**UNIFIED SCHOOL DISTRICT NO. 393**  
**Solomon, Kansas**

FINANCIAL STATEMENT  
WITH  
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

# UNIFIED SCHOOL DISTRICT NO. 393

## FINANCIAL STATEMENT WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2020 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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## Independent Auditor's Report

To the Board of Education  
Unified School District No. 393  
Solomon, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 393, Solomon, Kansas, as of and for the year ended June 30, 2020 and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 2; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 2 of the financial statement, the financial statement is prepared by Unified School District No. 393 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 393, as of June 30, 2020, or changes in financial position and cash flows thereof for the year then ended.

### *Unmodified Opinion on Regulatory Basis of Accounting*

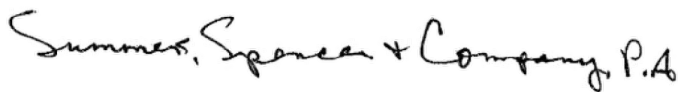
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 393, as of June 30, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 2.

### *Other Matters*

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, summary of regulatory basis receipts and disbursements – agency funds, schedule of regulatory basis receipts, expenditures, and unencumbered cash – District activity funds, and schedule of regulatory basis receipts and expenditures – actual and budget – related municipal entity (Schedules 1, 2, 3, 4, and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 2.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Unified School District No. 393, Solomon, Kansas as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated February 5, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget and the schedule of regulatory basis receipts and expenditures – actual and budget – related municipal entity for the year ended June 30, 2020 (Schedules 2 and 5 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 basic financial statement or to the 2019 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2019, on the basis of accounting described in Note 2.

A handwritten signature in cursive script that reads "Summers, Spencer & Company, P.A.".

Summers, Spencer & Company, P.A.  
Salina, Kansas

March 4, 2021

**UNIFIED SCHOOL DISTRICT NO. 393**

**Statement 1**

**Summary Statement of Receipts, Expenditures, and Unencumbered Cash (Regulatory Basis)  
For the Year Ended June 30, 2020**

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds							
General	\$ -	\$ 803	\$ 3,054,728	\$ 3,055,531	\$ -	\$ 3,333	\$ 3,333
Supplemental General	3,487	-	1,043,698	1,028,527	18,658	2,085	20,743
Special Purpose Funds							
Capital Outlay	92,048	1,384	506,995	342,641	257,786	2,700	260,486
Driver Training	4,930	-	2,490	117	7,303	-	7,303
Food Service	349	-	236,689	228,322	8,716	-	8,716
Parent Education	-	-	7,000	7,000	-	-	-
Gifts and Grants	3,078	-	160,831	121,149	42,760	12,972	55,732
Special Education	6,596	-	690,104	601,811	94,889	703	95,592
Career and Postsecondary Education	-	499	150,009	117,980	32,528	-	32,528
At Risk (4 Year Old)	-	-	19,977	19,977	-	-	-
At Risk (K-12)	120	-	388,524	388,002	642	1,779	2,421
Professional Development	-	-	20,000	16,664	3,336	-	3,336
KPERS Special Retirement Contribution	-	-	320,450	320,450	-	-	-
Contingency Reserve	23,497	-	-	-	23,497	-	23,497
Recreation Commission	1,455	-	30,919	32,115	259	-	259
Textbook Rental	-	-	9,656	4,952	4,704	-	4,704
Title I	-	-	49,862	49,338	524	-	524
Title II-A	-	-	7,379	7,379	-	-	-
Title IV-A	-	-	11,947	11,947	-	-	-
After School Grant	1,207	-	15,142	15,157	1,192	-	1,192

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

**UNIFIED SCHOOL DISTRICT NO. 393**

**Statement 1**

**Summary Statement of Receipts, Expenditures, and Unencumbered Cash (Regulatory Basis)  
For the Year Ended June 30, 2020**

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Special Purpose Funds							
COVID Spark	\$ -	\$ -	\$ 18,712	\$ 15,703	\$ 3,009	\$ -	\$ 3,009
District Activity Funds	37,846	-	52,739	49,429	41,156	-	41,156
Bond and Interest Fund							
Bond and Interest	827	-	-	-	827	-	827
	<u>175,440</u>	<u>2,686</u>	<u>6,797,851</u>	<u>6,434,191</u>	<u>541,786</u>	<u>23,572</u>	<u>565,358</u>
Related Municipal Entity							
Solomon Recreation Commission	21,298	-	33,633	23,962	30,969	-	30,969
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 196,738</u>	<u>\$ 2,686</u>	<u>\$ 6,831,484</u>	<u>\$ 6,458,153</u>	<u>\$ 572,755</u>	<u>\$ 23,572</u>	<u>\$ 596,327</u>
Composition of Cash:							
				Checking Accounts			\$ 493,375
				Certificates of Deposit			100,000
				Related Municipal Entity			<u>30,969</u>
				Total Cash			624,344
				Agency Funds per Schedule 3			<u>(28,017)</u>
				Total Reporting Entity (Excluding Agency Funds)			<u>\$ 596,327</u>

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



## UNIFIED SCHOOL DISTRICT NO. 393

### Notes to the Financial Statement June 30, 2020

#### Note 1 – Reporting Entity

Unified School District No. 393 is a municipal corporation governed by a citizen elected seven-member board of education. The financial statement presents Unified School District 393 (the District) and its related municipal entity. The related municipal entity is included in the District's financial reporting entity because it was created to benefit the District and/or its constituents.

Solomon Recreation Commission. The Solomon Recreation Commission oversees recreational activities. The Recreation Commission operates as a separate governing body but the District levies the taxes for the Recreation Commission and the Recreation Commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission cannot purchase real property but can acquire real property by gift.

#### Note 2 – Summary of Significant Account Policies

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities, or deferred inflows or outflows, other than those mentioned above.

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 District to use the regulatory basis of accounting.

**Fund Descriptions.** The following types of funds comprise the financial activities of the District for the year ended June 30, 2020:

General Fund - The chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - Used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Agency Fund – Used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

## UNIFIED SCHOOL DISTRICT NO. 393

### Notes to the Financial Statement June 30, 2020

#### Note 3 – Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business 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 calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but a least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts 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 such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules 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 regulatory basis of accounting, in which regulatory receipts 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 District 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, trust funds, and the following special purpose funds:

Gifts and Grants Fund	Contingency Reserve Fund
Textbook Rental Fund	Title I Fund
Title II-A Fund	Title IV-A Fund
After School Grant Fund	COVID Spark Fund
District Activity Funds	

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.

## UNIFIED SCHOOL DISTRICT NO. 393

### Notes to the Financial Statement June 30, 2020

#### **Note 4 – Deposits and Investments**

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 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 deposits 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.

*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.

*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 District, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated a "peak period." All deposits were legally secured at June 30, 2020.

At June 30, 2020, the District's carrying amount of deposits was \$624,344 and the bank balance was \$862,653. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$280,969 was covered by federal depository insurance, and the remaining \$581,684 was collateralized with securities held by the pledging financial institution's agents in the District's name.

#### **Note 5 – In-Substance Receipt in Transit**

The District received \$122,885 subsequent to June 30, 2020, and as required by K.S.A 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2020.

#### **Note 6 – Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to protect themselves from these risks.

**UNIFIED SCHOOL DISTRICT NO. 393**

**Notes to the Financial Statement  
June 30, 2020**

**Note 7 – Interfund Transfers**

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Food Service Fund	K.S.A. 72-5167	\$ 10,000
General Fund	Parent Education Fund	K.S.A. 72-5167	7,000
General Fund	Special Education Fund	K.S.A. 72-5167	525,338
General Fund	Career and Postsecondary Education Fund	K.S.A. 72-5167	75,000
General Fund	At Risk (K-12) Fund	K.S.A. 72-5167	210,316
General Fund	At Risk (4 Year Old) Fund	K.S.A. 72-5167	18,177
General Fund	Professional Development Fund	K.S.A. 72-5167	20,000
General Fund	Capital Outlay Fund	K.S.A. 72-5167	157,718
Supplemental General Fund	Food Service Fund	K.S.A. 72-5143	10,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	157,792
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-5143	176,408
Supplemental General Fund	Career and Postsecondary Education Fund	K.S.A. 72-5143	50,000

**Note 8 – Defined Benefit Pension Plan**

General Information about the Pension Plan

*Plan description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the

## UNIFIED SCHOOL DISTRICT NO. 393

### Notes to the Financial Statement June 30, 2020

statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.59% and 13.21%, respectively, for the fiscal year ended June 30, 2019. The actuarially determined employer contribution rate and the statutory contribution rate was 16.15% and 14.41% for the fiscal year ended June 30, 2020.

Per 2017 Senate Substitute for Senate Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64.13 million for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first year payment of \$6.4 million was received in July 2017 and appropriations for fiscal year 2018 were made for the State/School group at the statutory contribution rate of 12.01% for that year.

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194 million for the fiscal year ended June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million dollars per year.

2018 House Substitute for Senate Bill 109 provided for additional funding for KPERS School group. A payment of \$56 million was paid in fiscal year 2018. This bill also authorized a payment of \$82 million in fiscal year 2019.

2019 Senate Bill 9 authorized a payment of \$115 million for the KPERS School group.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$320,450 for the year ended June 30, 2020.

#### Net Pension Liability

At June 30, 2020, the District's proportionate share of the collective net pension liability reported by KPERS was \$2,903,875. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2019. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

## UNIFIED SCHOOL DISTRICT NO. 393

### Notes to the Financial Statement June 30, 2020

#### **Note 9 – Other Long-Term Obligations from Operations**

*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 premium, regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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.

*Death and Disability Other Post Employment Benefits.* As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2020.

*Termination Benefits.* The District provides an early retirement program for certain eligible employees. A one-time payment of \$7,000 or twelve monthly payments totaling \$10,000 will be paid at the teacher's choice if a teacher retires early from the District with a minimum of 10 years of experience in the District. The payment will be made on or before June 15th of the year in which the contract ends. The one time or monthly allotted payment will be made for teachers who are 55 years or older or have 85 points. Retiring teachers will also be compensated \$25 per day for any unused sick leave up to 85 days. Notification of intent to retire under this plan must be given to the Board of Education by February 1st. There were no payments for early retirement benefits for the fiscal year ended June 30, 2020.

*Compensated Absences.* Full time classified employees earn 10 vacation days per year after one year of service and 15 days per year after 10 years of service. Nine-month employees earn 10 vacation days per year after one year of employment. Employees are not allowed to carry forward vacation leave. Employees earn 12 days of sick leave per year and can accumulate a maximum of 85 days. The District does not pay classified employees for vacation or sick leave when they cease employment for any reason.

Certified employees earn sick leave at the rate of 12 days per year and may accumulate up to 85 days. On the 11th year of employment, a teacher will receive 15 sick days per year. Only retiring employees will be paid for sick leave up to a maximum of 85 days at the rate of \$25 per day. Certified employees also earn two personal days per year or three days after their fifth year of employment. They may accumulate up to five personal days and unused personal leave may be converted to accumulated sick leave as long as it does not exceed the 85 days.

#### **Note 10 – Related Parties**

One employee of the District was directly related to the superintendent during the fiscal year ended June 30, 2020.

## **UNIFIED SCHOOL DISTRICT NO. 393**

### **Notes to the Financial Statement June 30, 2020**

#### **Note 11 – Compliance with Statutes**

Per K.S.A 79-2935, expenditures should be controlled so that no indebtedness is created in excess of budgeted limits. Expenditures, including encumbrances, in any lawfully budgeted fund should not exceed the adopted budget of expenditures plus any reimbursements (budget credits).

The Special Education, Professional Development, and At Risk (K-12) fund expenditures exceeded the budget limit for expenditures for the fiscal year ended June 30, 2020.

#### **Note 12 – Subsequent Events**

The District's management has evaluated events and transactions occurring after June 30, 2020 through March 4, 2021. The aforementioned date represents the date the financial statement was available to be issued.

In recent months, the Coronavirus "COVID-19" pandemic in the United States has resulted in school buildings being closed, activities canceled and the temporary closure of operating hours of offices. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the District as of the date of this report, management believes that an impact on the District's financial position and results of future operations is reasonably possible.

**UNIFIED SCHOOL DISTRICT NO. 298**

**NOTES TO THE FINANCIAL STATEMENT  
For the Year Ended June 30, 2020**

**Note 13 – Long-Term Debt**

Changes in long-term liabilities for the municipality for the fiscal year ended June 30, 2020, 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
Capital Leases									
2015 Bus	3.00%	8/29/2014	\$ 150,000	8/29/2019	\$ 31,799	\$ -	\$ 31,799	\$ -	\$ 954
LED Lighting/Bus Barn	3.98%	1/3/2019	375,000	7/25/2026	375,000	-	46,307	328,693	8,416
Total Contractual Indebtedness					<u>\$ 406,799</u>	<u>\$ -</u>	<u>\$ 78,106</u>	<u>\$ 328,693</u>	<u>\$ 9,370</u>

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

	Year						
	2021	2022	2023	2024	2025	2026-2027	Total
Principal							
LED Lighting/Bus Barn	<u>\$ 41,641</u>	<u>\$ 43,298</u>	<u>\$ 45,022</u>	<u>\$ 46,813</u>	<u>\$ 48,677</u>	<u>\$ 103,242</u>	<u>\$ 328,693</u>
Interest							
LED Lighting/Bus Barn	<u>13,082</u>	<u>11,425</u>	<u>9,701</u>	<u>7,910</u>	<u>6,046</u>	<u>6,204</u>	<u>54,368</u>
Total Principal and Interest	<u>\$ 54,723</u>	<u>\$ 54,723</u>	<u>\$ 54,723</u>	<u>\$ 54,723</u>	<u>\$ 54,723</u>	<u>\$ 109,446</u>	<u>\$ 383,061</u>



**UNIFIED SCHOOL DISTRICT NO. 393**

**REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION  
June 30, 2020**

**UNIFIED SCHOOL DISTRICT NO. 393**

**Schedule 1**

**Summary of Expenditures – Actual and Budget (Regulatory Basis)  
For the Year Ended June 30, 2020**

Fund	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Funds						
General	\$ 3,050,194	\$ (13,752)	\$ 19,089	\$ 3,055,531	\$ 3,055,531	\$ -
Supplemental General	1,030,735	(2,733)	525	1,028,527	1,028,527	-
Special Purpose Funds						
Capital Outlay	450,887	-	1,384	452,271	342,641	(109,630)
Driver Training	6,050	-	-	6,050	117	(5,933)
Food Service	244,993	-	-	244,993	228,322	(16,671)
Parent Education	7,000	-	-	7,000	7,000	-
Special Education	589,662	-	-	589,662	601,811	12,149
Career and Postsecondary Education	133,060	-	499	133,559	117,980	(15,579)
At Risk (4 Year Old)	19,977	-	-	19,977	19,977	-
At Risk (K-12)	278,721	-	-	278,721	388,002	109,281
Professional Development	8,587	-	-	8,587	16,664	8,077
KPERS Special Retirement Contribution	395,011	-	-	395,011	320,450	(74,561)
Recreation Commission	32,115	-	-	32,115	32,115	-
Related Municipal Entity						
Solomon Recreation Commission	60,380	-	-	60,380	23,962	(36,418)

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**General Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid				
General State Aid	\$ 2,401,462	\$ 2,677,759	\$ 2,659,277	\$ 18,482
Special Education Aid	351,187	358,683	390,917	(32,234)
Reimbursements	-	18,286	-	18,286
Total Receipts	<u>2,752,649</u>	<u>3,054,728</u>	<u>\$ 3,050,194</u>	<u>\$ 4,534</u>
Expenditures				
Instruction	1,334,400	1,208,826	\$ 1,427,997	\$ (219,171)
Student Support Services	31,379	34,206	32,495	1,711
Instructional Support Staff	1,593	3,152	-	3,152
General Administration	341,722	326,072	373,836	(47,764)
School Administration	224,380	230,864	248,759	(17,895)
Operations and Maintenance	154,878	157,036	177,885	(20,849)
Vehicle Operating Services	70,333	71,826	59,932	11,894
Operating Transfers	595,520	1,023,549	729,290	294,259
Adjustment to Comply with Legal Max	-	-	(13,752)	13,752
Legal General Fund Budget	2,754,205	3,055,531	3,036,442	19,089
Adjustment for Qualifying Budget Credits	-	-	19,089	(19,089)
Total Expenditures	<u>2,754,205</u>	<u>3,055,531</u>	<u>\$ 3,055,531</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	(1,556)	(803)		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrances	<u>1,556</u>	<u>803</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Supplemental General Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and shared Revenue				
Ad Valorem Tax	\$ 533,938	\$ 631,885	\$ 685,404	\$ (53,519)
Delinquent Tax	4,851	6,773	-	6,773
Motor Vehicle Tax	53,309	52,687	45,609	7,078
Recreational Vehicle Tax	1,462	1,382	1,205	177
Commercial Vehicle Tax	-	-	2,180	(2,180)
State Aid				
Supplemental General State Aid	285,277	350,446	351,378	(932)
Reimbursements	-	525	-	525
Total Receipts	<u>878,837</u>	<u>1,043,698</u>	<u>\$ 1,085,776</u>	<u>\$ (42,078)</u>
Expenditures				
Instruction	345,947	421,606	\$ 299,327	\$ 122,279
Operations and Maintenance	178,076	165,415	264,500	(99,085)
Vehicle Operating Services	72,423	47,306	70,500	(23,194)
Operating Transfers	278,910	394,200	396,408	(2,208)
Adjustment to Comply with Legal Max	-	-	(2,733)	2,733
Legal Supplemental General Fund Budget	875,356	1,028,527	1,028,002	525
Adjustment for Qualifying Budget Credits	-	-	525	(525)
Total Expenditures	<u>875,356</u>	<u>1,028,527</u>	<u>\$ 1,028,527</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	3,481	15,171		
Unencumbered Cash, Beginning	-	3,487		
Prior Year Cancelled Encumbrances	<u>6</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 3,487</u>	<u>\$ 18,658</u>		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Capital Outlay Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Tax	\$ 219,235	\$ 222,815	\$ 223,211	\$ (396)
Delinquent Tax	1,875	2,721	-	2,721
Motor Vehicle Tax	20,868	21,288	18,442	2,846
Recreational Vehicle Tax	571	559	487	72
Commercial Vehicle Tax	-	-	881	(881)
State Aid	37,574	46,896	47,866	(970)
Federal Aid				
Small Rural School Grant	-	31,036	-	31,036
Interest	5,880	7,762	10,000	(2,238)
Other Revenue From Local Sources	-	16,200	-	16,200
Operating Transfers	-	157,718	50,000	107,718
Total Receipts	<u>286,003</u>	<u>506,995</u>	<u>\$ 350,887</u>	<u>\$ 156,108</u>
Expenditures				
Instruction	20,991	1,470	\$ 27,500	\$ (26,030)
Student Support Services	3,360	-	-	-
Instructional Support Staff	44,120	21,562	100,000	(78,438)
School Administration	-	-	50,000	(50,000)
Operations and Maintenance	108,185	129,599	150,912	(21,313)
Transportation	106,753	79,085	87,475	(8,390)
Facility Acquisition and Construction	47,700	110,925	35,000	75,925
Adjustment for Qualifying Budget Credits	-	-	1,384	(1,384)
Total Expenditures	<u>331,109</u>	<u>342,641</u>	<u>\$ 452,271</u>	<u>\$ (109,630)</u>
Receipts Over (Under) Expenditures	(45,106)	164,354		
Unencumbered Cash, Beginning	135,100	92,048		
Prior Year Cancelled Encumbrances	<u>2,054</u>	<u>1,384</u>		
Unencumbered Cash, Ending	<u>\$ 92,048</u>	<u>\$ 257,786</u>		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Driver Training Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Safety Aid	\$ 1,783	\$ 2,340	\$ 1,950	\$ 390
Other Revenue From Local Sources	<u>2,800</u>	<u>150</u>	<u>3,500</u>	<u>(3,350)</u>
Total Receipts	<u>4,583</u>	<u>2,490</u>	<u>\$ 5,450</u>	<u>\$ (2,960)</u>
Expenditures				
Instruction	4,526	-	\$ 6,050	\$ (6,050)
Vehicle Operations and Maintenance	<u>-</u>	<u>117</u>	<u>-</u>	<u>117</u>
Instruction	<u>4,526</u>	<u>117</u>	<u>\$ 6,050</u>	<u>\$ (5,933)</u>
Receipts Over (Under) Expenditures	57	2,373		
Unencumbered Cash, Beginning	<u>4,873</u>	<u>4,930</u>		
Unencumbered Cash, Ending	<u>\$ 4,930</u>	<u>\$ 7,303</u>		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Food Service Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid				
Food Service Aid	\$ 1,869	\$ 1,910	\$ 1,680	\$ 230
Federal Aid				
Food Service Aid	150,630	158,970	156,978	1,992
Food Service Sales	61,403	55,809	59,250	(3,441)
Operating Transfers	18,900	20,000	30,000	(10,000)
Total Receipts	<u>232,802</u>	<u>236,689</u>	<u>\$ 247,908</u>	<u>\$ (11,219)</u>
Expenditures				
Food Service Operation	<u>239,307</u>	<u>228,322</u>	<u>\$ 244,993</u>	<u>\$ (16,671)</u>
Receipts Over (Under) Expenditures	(6,505)	8,367		
Unencumbered Cash, Beginning	<u>6,854</u>	<u>349</u>		
Unencumbered Cash, Ending	<u>\$ 349</u>	<u>\$ 8,716</u>		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Parent Education Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Operating Transfers	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Expenditures				
Instruction	7,000	7,000	\$ 7,000	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		



## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Gifts and Grants**  
**Schedule of Receipts and Expenditures (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year Actual
Receipts		
Pre-K Pilot Grant		
State Aid	\$ 69,300	\$ 30,838
Federal Aid	-	30,838
Safe and Secure Grant	4,945	6,291
Other Gifts and Grants	7,618	92,864
Total Receipts	<u>81,863</u>	<u>160,831</u>
Expenditures		
Instruction	<u>90,842</u>	<u>121,149</u>
Receipts Over (Under) Expenditures	(8,979)	39,682
Unencumbered Cash, Beginning	<u>12,057</u>	<u>3,078</u>
Unencumbered Cash, Ending	<u><u>\$ 3,078</u></u>	<u><u>\$ 42,760</u></u>

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Special Education Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Federal Aid				
Medicaid	\$ 5,373	\$ 6,974	\$ -	\$ 6,974
State Aid	1,630	-	-	-
Operating Transfers	531,383	683,130	610,000	73,130
Total Receipts	538,386	690,104	\$ 610,000	\$ 80,104
Expenditures				
Instruction	513,104	563,649	\$ 589,662	\$ (26,013)
Student Transportation Service	22,334	38,162	-	38,162
Total Expenditures	535,438	601,811	\$ 589,662	\$ 12,149
Receipts Over (Under) Expenditures	2,948	88,293		
Unencumbered Cash, Beginning	3,648	6,596		
Unencumbered Cash, Ending	\$ 6,596	\$ 94,889		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Career and Postsecondary Education Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid	\$ 7,407	\$ 19,420	\$ 7,768	\$ 11,652
Other Revenue From Local Sources	209	5,589	-	5,589
Operating Transfers	<u>114,807</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total Receipts	<u>122,423</u>	<u>150,009</u>	<u>\$ 132,768</u>	<u>\$ 17,241</u>
Expenditures				
Instruction	122,423	117,980	\$ 133,060	\$ (15,080)
Adjustment for Qualifying Budget Credits	<u>-</u>	<u>-</u>	<u>499</u>	<u>(499)</u>
Total Expenditures	<u>122,423</u>	<u>117,980</u>	<u>\$ 133,559</u>	<u>\$ (15,579)</u>
Receipts Over (Under) Expenditures	-	32,029		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>499</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 32,528</u>		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**At Risk (4 Year Old) Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Other Revenue from Local Sources	\$ -	\$ 1,800	\$ -	\$ 1,800
Operating Transfers	-	18,177	19,977	(1,800)
Other Revenue from Local Sources	-	19,977	<u>\$ 19,977</u>	<u>\$ -</u>
Expenditures				
Instruction	-	19,977	<u>\$ 19,977</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**At Risk (K-12) Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Other Revenue from Local Sources	\$ 2,920	\$ 1,800	\$ -	\$ 1,800
Operating Transfers	<u>202,340</u>	<u>386,724</u>	<u>278,721</u>	<u>108,003</u>
Total Receipts	<u>205,260</u>	<u>388,524</u>	<u>\$ 278,721</u>	<u>\$ 109,803</u>
Expenditures				
Instruction	<u>205,141</u>	<u>388,002</u>	<u>\$ 278,721</u>	<u>\$ 109,281</u>
Receipts Over (Under) Expenditures	119	522		
Unencumbered Cash, Beginning	<u>1</u>	<u>120</u>		
Unencumbered Cash, Ending	<u>\$ 120</u>	<u>\$ 642</u>		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Professional Development Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Other Revenue from Local Sources	\$ 3,649	\$ -	\$ 2,500	\$ (2,500)
Operating Transfers	-	20,000	5,000	15,000
Other Revenue from Local Sources	<u>\$ 3,649</u>	<u>\$ 20,000</u>	<u>\$ 7,500</u>	<u>\$ 12,500</u>
Expenditures				
Instructional Support Staff	<u>3,649</u>	<u>16,664</u>	<u>\$ 8,587</u>	<u>\$ 8,077</u>
Receipts Over (Under) Expenditures	-	3,336		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 3,336</u>		

UNIFIED SCHOOL DISTRICT NO. 393

Schedule 2

KPERS Special Retirement Contribution Fund  
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)  
 For the Year Ended June 30, 2020  
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
KPERS State Aid	\$ 225,211	\$ 320,450	\$ 395,011	\$ (74,561)
Expenditures				
Employee Benefits	225,211	320,450	\$ 395,011	\$ (74,561)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Contingency Reserve Fund**  
**Schedule of Receipts and Expenditures (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers	\$ -	\$ -
Expenditures		
Instruction	56,970	-
Operations and Maintenance	45,345	-
Total Expenditures	102,315	-
Receipts Over (Under) Expenditures	(102,315)	-
Unencumbered Cash, Beginning	125,812	23,497
Unencumbered Cash, Ending	\$ 23,497	\$ 23,497



## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Recreation Commission Fund**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Tax	\$ 27,412	\$ 27,848	\$ 27,905	\$ (57)
Delinquent Tax	240	340	281	59
Motor Vehicle Tax	2,560	2,661	2,303	358
Recreational Vehicle Tax	71	70	61	9
Commercial Vehicle Tax	-	-	110	(110)
Total Receipts	<u>30,283</u>	<u>30,919</u>	<u>\$ 30,660</u>	<u>\$ 369</u>
Expenditures				
Appropriation	<u>30,283</u>	<u>32,115</u>	<u>\$ 32,115</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-	(1,196)		
Unencumbered Cash, Beginning	<u>1,455</u>	<u>1,455</u>		
Unencumbered Cash, Ending	<u>\$ 1,455</u>	<u>\$ 259</u>		

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Textbook Rental Fund**  
**Schedule of Receipts and Expenditures (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year Actual
Receipts		
Rental Fees	\$ 9,686	\$ 9,656
Expenditures		
Textbooks	9,686	4,952
Receipts Over (Under) Expenditures	-	4,704
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 4,704

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Title I Fund**  
**Schedule of Receipts and Expenditures (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid		
Title I Grants to Local Educational Agencies	\$ 52,678	\$ 49,862
Expenditures		
Instruction	52,719	49,338
Receipts Over (Under) Expenditures	(41)	524
Unencumbered Cash, Beginning	41	-
Unencumbered Cash, Ending	\$ -	\$ 524

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Title II-A Fund**  
**Schedule of Receipts and Expenditures (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid		
Improving Teacher Quality State Grants	\$ 9,162	\$ 7,379
Expenditures		
Instruction	9,162	7,379
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Title IV-A Fund**  
**Schedule of Receipts and Expenditures (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid		
Student Support and Academic Enrichment Program	\$ 12,109	\$ 11,947
Expenditures		
Instruction	12,109	11,947
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

UNIFIED SCHOOL DISTRICT NO. 393

Schedule 2

**After School Grant Fund**  
**Schedule of Receipts and Expenditures (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year Actual
Receipts		
Other Revenue from Local Sources	\$ 16,244	\$ 15,142
Expenditures		
Instruction	17,388	15,157
Receipts Over (Under) Expenditures	(1,144)	(15)
Unencumbered Cash, Beginning	2,351	1,207
Unencumbered Cash, Ending	\$ 1,207	\$ 1,192

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**COVID Spark Fund**  
**Schedule of Receipts and Expenditures (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year Actual
Receipts		
Other Revenue from Local Sources	\$ -	\$ 18,712
Expenditures		
Instruction	-	15,703
Receipts Over (Under) Expenditures	-	3,009
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 3,009

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 2

**Bond and Interest Fund**  
**Schedule of Receipts and Expenditures (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Revenue		
Delinquent Tax	\$ 2	\$ -
Expenditures		
Operating Transfers	-	-
Receipts Over (Under) Expenditures	2	-
Unencumbered Cash, Beginning	825	827
Unencumbered Cash, Ending	\$ 827	\$ 827



## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 3

**Agency Funds**  
**Summary of Receipts and Disbursements (Regulatory Basis)**  
**For the Year Ended June 30, 2020**

Student Organization Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Junior High and High School				
Student Council	\$ 430	\$ 547	\$ 775	\$ 202
Junior High Student Council	1,161	-	-	1,161
Freshman Class	276	-	276	-
Sophomore Class	473	-	197	276
Junior Class	1,072	-	599	473
Senior Class	93	1,188	370	911
High School Cheerleaders	835	1,436	771	1,500
Junior High Cheerleaders	288	259	381	166
Art	298	-	-	298
Dance Team	245	358	365	238
FCCLA	426	1,048	766	708
FFA	2,396	6,391	5,505	3,282
Forensics	249	224	60	413
FBLA	6,655	5,259	4,029	7,885
Interest	725	190	294	621
Chess Club	268	-	-	268
STEM	48	415	-	463
Student Ambassadors	267	-	-	267
Gorilla Grub	-	570	198	372
Truce	117	-	-	117
Welding	875	651	130	1,396
National Honor Society	20	-	-	20
Total Junior High and High School	17,217	18,536	14,716	21,037
Employee Flex Account	-	38,374	32,675	5,699
Sales Tax Fund	636	2,366	1,721	1,281
Total Agency Funds	\$ 17,853	\$ 59,276	\$ 49,112	\$ 28,017

UNIFIED SCHOOL DISTRICT NO. 393

Schedule 4

**District Activity Funds**  
**Schedule of Receipts, Expenditures, and Unencumbered Cash (Regulatory Basis)**  
**For the Year Ended June 30, 2020**

<u>District Activity Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Gate Receipts						
Solomon High/Junior High	\$ 15,755	\$ 31,706	\$ 27,979	\$ 19,482	\$ -	\$ 19,482
Revolving:						
Student Registration	2,266	-	1,693	573	-	573
School Projects						
Solomon High/Junior High	<u>19,825</u>	<u>21,033</u>	<u>19,757</u>	<u>21,101</u>	<u>-</u>	<u>21,101</u>
Total District Activity Funds	<u>\$ 37,846</u>	<u>\$ 52,739</u>	<u>\$ 49,429</u>	<u>\$ 41,156</u>	<u>\$ -</u>	<u>\$ 41,156</u>

## UNIFIED SCHOOL DISTRICT NO. 393

## Schedule 5

**Related Municipal Entity**  
**Solomon Recreation Commission**  
**Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)**  
**For the Year Ended June 30, 2020**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)**

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual			(Under)
Receipts				
USD #393 Appropriation	\$ 30,389	\$ 32,115	\$ 31,300	\$ 815
Interest	61	51	75	(24)
Grants, Fees and Other Sources	6,080	1,467	6,500	(5,033)
Total Receipts	<u>36,530</u>	<u>33,633</u>	<u>37,875</u>	<u>(4,242)</u>
Expenditures				
Salaries and Payroll Taxes	14,213	13,895	\$ 15,000	\$ (1,105)
Utilities, Supplies, Equipment	6,632	4,250	11,000	(6,750)
Maintenance and Construction	12,350	932	18,630	(17,698)
Donations	550	500	750	(250)
Programs and Activities	9,520	4,385	15,000	(10,615)
Total Expenditures	<u>43,265</u>	<u>23,962</u>	<u>\$ 60,380</u>	<u>\$ (36,418)</u>
Receipts Over (Under) Expenditures	(6,735)	9,671		
Unencumbered Cash, Beginning	<u>28,033</u>	<u>21,298</u>		
Unencumbered Cash, Ending	<u>\$ 21,298</u>	<u>\$ 30,969</u>		

***APPENDIX C***

**SUMMARY OF FINANCING DOCUMENTS**

## *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. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing document.

#### 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, 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. 72-5457, and K.S.A. 72-5458 *et seq.*, all as amended and supplemented.

**“AGM”** means Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company, or any successor thereto.

**“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 Insurance Policy”** means the municipal bond insurance policy issued by the Bond Insurer concurrently with the delivery of the Bonds guaranteeing the scheduled payment when due of the principal of and interest on the Bonds.

**“Bond Insurer”** means AGM with respect to the Bonds.

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

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

**“Bond Registrar”** means the State Treasurer, 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 General Obligation Bonds, Series 2022, authorized and issued by the Issuer pursuant to the Bond Resolution.

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

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

**“Clerk”** means the duly appointed and acting Clerk of the Issuer or, in the Clerk's absence, the duly appointed Deputy, Assistant 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.

**“Compliance Account”** means the account by that name created by the Bond Resolution.

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

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

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

**“Dated Date”** means January 27, 2022.

**“Debt Service Account”** means the account by that name created within the Bond and Interest Fund 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) evidences of ownership of proportionate interests in future interest and principal payments on United States Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Government Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated; or

(c) 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) such obligations are rated in a rating category by Moody's or Standard & Poor's that is no lower than the rating category then assigned by that Rating Agency to United States Government Obligations.

**"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 Undertaking"** means the Continuing Disclosure Undertaking, dated as of the Dated Date, relating to certain obligations contained in the SEC Rule.

**"District"** means Unified School District No. 393, Dickinson County, Kansas (Solomon).

**"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;

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

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

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

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

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

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

**"Improvement Fund"** means the fund by that name created in the Bond Resolution.

**"Improvements"** means the improvements referred to in the preamble to the 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.

**"Insurer's Fiscal Agent"** means the agent designated by the Bond Insurer pursuant to the Bond Insurance Policy.

**"Interest Payment Date(s)"** means the Stated Maturity of an installment of interest on any Bond which shall be March 1 and September 1 of each year, commencing March 1, 2023.

**"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 with notice to the Bond Insurer.

**“Official Statement”** means the Issuer’s Official Statement relating to the Bonds.

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

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

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

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

**“Paying Agent”** means the State Treasurer, 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; (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); or (m) other investment obligations authorized by the laws of the State and approved in writing by the Bond Insurer, 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 of the Issuer, or in the President's absence, the duly appointed and/or elected Vice President or Acting President of the Issuer.

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



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

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

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

**“Redemption Price”** means, when used with respect to any Bond to be redeemed, 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.

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

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

**“Standard & Poor's”** means S&P Global Ratings, a division of S&P Global 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 with notice to the Bond Insurer.

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

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

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

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

**“Term Bonds”** means the Bonds scheduled to mature in the year 2047.

**“Treasurer”** means the duly appointed and/or elected Treasurer of the Issuer 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, there shall be created within the Treasury of the Issuer the following Funds and Accounts:

- (a) Improvement Fund.
- (b) Debt Service Account (within the Bond and Interest Fund).
- (c) Costs of Issuance Account.

- (d) Compliance Account.

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

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

- (a) All accrued interest and excess proceeds, if any, received from the sale of the Bonds shall be deposited in the Debt Service Account.
- (b) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (c) An amount to pay costs of compliance shall be deposited in the Compliance Account.
- (d) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Improvement Fund.

***Application of Moneys in the Improvement Fund.*** Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements; (b) paying interest on the Bonds during construction of the Improvements; and (c) paying Costs of Issuance. Withdrawals from the Improvement Fund shall be made only when authorized by the governing body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Clerk (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Clerk (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

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

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

***Application of Moneys in the Debt Service Account.*** All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys. Any moneys or investments remaining in the Debt Service Account after the retirement of the Bonds shall be transferred and paid into the Bond and Interest Fund.

***Payments Due on Saturdays, Sundays and Holidays.*** In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be

made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

***Application of Moneys in the Costs of Issuance Account.*** Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 30 days prior to the first Stated Maturity of principal or one year after the date of issuance of the Bonds, shall be transferred to the Improvement Fund until completion of the Improvements and thereafter to the Compliance Account or Debt Service Account.

***Application of Moneys in the Compliance Account.*** Moneys in the Compliance Account shall be used by the Issuer to pay the fees and expenses relating to compliance with federal arbitrage law and state or federal securities laws. Any funds remaining in the Compliance Account not necessary for such payments shall be transferred to the Debt Service Account.

## **DEPOSIT AND INVESTMENT OF MONEYS**

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

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

## **DEFAULT AND REMEDIES**

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

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Resolution or by the Constitution and laws of the State;
- (b) by suit, action or other proceedings in equity or at law to require the Issuer, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

The Paying Agent shall notify the Owners and Bond Insurer of any Event of Default of which it has actual notice.

***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.

***Control of Remedies By Bond Insurer Upon an Event of Default and Event of Insolvency.*** Upon the occurrence and continuance of an Event of Default, the Bond Insurer, provided the Bond Insurance Policy is in full force and effect and the Bond Insurer shall not be in default thereunder, shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners under the Bond Resolution. Any reorganization or liquidation plan with respect to the Issuer must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Owners who hold the Bonds insured by the Bond Insurer absent a default by the Bond Insurer under the applicable Bond Insurance Policy insuring such Bonds.

## **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. The Issuer shall notify the Bond Insurer of any defeasance of the Bonds.

Notwithstanding anything in the Bond Resolution to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer and the covenants, agreements and other obligations of the Issuer to the Owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such Owners.

## **TAX COVENANTS**

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

***Survival of Covenants.*** The covenants contained in the 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 the 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 Undertaking and to make the provisions of the Disclosure Undertaking applicable to the Bonds. 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 continuing disclosure 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. The Purchaser or Beneficial Owner shall provide a copy of any such demand or notice to the Bond Insurer. Notwithstanding any other provision of the Bond Resolution, failure of the Issuer to comply with its continuing disclosure covenants contained in the Bond Resolution shall not be considered an Event of Default under the Bond Resolution.

## PROVISIONS RELATING TO THE BOND INSURANCE POLICY

***Payment Procedure Pursuant to Bond Insurance Policy.*** As long as the Bond Insurance Policy shall be in full force and effect, the Issuer and the Paying Agent agree to comply with the following provisions:

(a) If, on the Business Day prior to the related Stated Maturity there is not on deposit with the Paying Agent, after making all transfers and deposits required under the Bond Resolution, moneys sufficient to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall give notice to the Bond Insurer and to the Insurer's Fiscal Agent by telephone or telecopy of the amount of such deficiency by 1:00 p.m., New York City time, on such Business Day. If, on the related Stated Maturity, there continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Stated Maturity, the Paying Agent shall make a claim under the Bond Insurance Policy and give notice to the Bond Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal on the Bonds, confirmed in writing to the Bond Insurer and the Insurer's Fiscal Agent by 1:00 p.m., New York City time, on such Stated Maturity by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy.

(b) In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Paying Agent shall authenticate and deliver to affected Owners who surrender their Bonds a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered. The Paying Agent shall designate any portion of payment of principal on Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Bond Insurer, registered in the name of the Bond Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Paying Agent's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Bond Insurer.

The Paying Agent shall keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (as hereinafter defined) and the allocation of such funds to payment of interest on and principal paid in respect of any Bond. The Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Paying Agent.

Upon payment of a claim under the Bond Insurance Policy the Paying Agent shall establish a separate special purpose trust account for the benefit of Owners referred to as the "Policy Payments Account" and over which the Paying Agent shall have exclusive control and sole right of withdrawal. The Paying Agent shall receive any amount paid under the Bond Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Paying Agent to Owners in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections hereof regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Paying Agent and may not be applied to satisfy any costs, expenses or liabilities of the Paying Agent.

Any funds remaining in the Policy Payments Account following a Stated Maturity date shall promptly be remitted to the Bond Insurer.

(c) The Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy.

(d) The Issuer shall agree to pay or reimburse the Bond Insurer any and all charges, fees, costs and expenses which the Bond Insurer may reasonably pay or incur in connection with (1) the administration, enforcement, defense or preservation of any rights or security in respect of the Bond Resolution, (2) the pursuit of any remedies under the Bond Resolution or otherwise afforded by law or equity, (3) any amendment, waiver or other action with respect to, or related to, the Bond Resolution whether or not executed or completed, (4) the violation by the Issuer of any law, rule or regulation, or any judgment, order or decree applicable to it or (5) any litigation or other dispute in connection with the Bond Resolution or the transactions contemplated thereby, other than amounts resulting from the failure of the Bond Insurer to honor its obligations under the Bond Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Bond Resolution.

(e) Payments required to be made to the Bond Insurer shall be payable solely from the taxes levied pursuant to the Bond Resolution and shall be paid (1) prior to an Event of Default, to the extent not paid from the Debt Service Account, and (2) after an Event of Default, with respect to amounts other than principal and interest on the Bonds, on the same priority as payments to the Paying Agent for expenses. The obligations to the Bond Insurer shall survive discharge or termination of the Bond Resolution.

(f) The Bond Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Bond Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Bond Resolution, whether or not the Bond Insurer has received a Notice (as defined in the Bond Insurance Policy) of Nonpayment or a claim upon the Bond Insurance Policy.

***Consent of the Bond Insurer.*** Any provision of the Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer. The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners. The Bond Insurer shall be deemed to be the sole Owner of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Bonds insured by it are entitled to take pursuant to the Bond Resolution.

***Notices to the Bond Insurer.*** While the Bond Insurance Policy is in effect, the Issuer shall furnish to the Bond Insurer, as soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer; a copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to the Bond Resolution relating to the security for the Bonds; notice of an Event of Default within five Business Days after the occurrence of such event; and such additional information as the Bond Insurer may reasonably request.

The Issuer shall also notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc. and will permit the Bond Insurer to discuss the affairs, finances and accounts of the Issuer or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Issuer. The Issuer will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time. The Bond Insurer shall have the right to direct an accounting at the Issuer's expense, and the Issuer's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed an Event of Default; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner.

Notwithstanding any other provision of the Bond Resolution, the Issuer shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default.

***Suspension of Bond Insurer's Rights.*** Rights of the Bond Insurer to direct or consent to actions granted under the Bond Resolution shall be suspended during any period in which the Bond Insurer is in default in its payment obligations under the Bond Insurance Policy (except to the extent of amounts previously paid by the Bond Insurer and due and owing to the Bond Insurer) and shall be of no force or effect in the event the Bond Insurance Policy is no longer in effect or the Bond Insurer asserts that the Bond Insurance Policy is not in effect or the Bond Insurer shall have provided written notice that it waives such rights.

***Third Party Beneficiary.*** To the extent that the Bond Resolution confers upon or gives or grants to the Bond Insurer any right, remedy, or claim under or by reason of the Bond Resolution, the Bond Insurer is explicitly recognized as being a third-party beneficiary and may enforce any such right, remedy or claim conferred, given or granted thereunder.

## **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 Bond Insurer. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Owner of any of the Bonds, or by anyone acting for or on behalf of such user or Owner.

***Levy and Collection of Annual Tax.*** The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent. If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

***Amendments.*** The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Bond Insurer and 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 the Bond Insurer and 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 Bond Insurer and the Owners of all of the Bonds at the time Outstanding.

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

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

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

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

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

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***APPENDIX D***

**FORM OF DISCLOSURE UNDERTAKING**



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**CONTINUING DISCLOSURE UNDERTAKING**

**DATED AS OF JANUARY 27, 2022**

**BY**

**UNIFIED SCHOOL DISTRICT NO. 393,  
DICKINSON COUNTY, KANSAS (SOLOMON)**

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**\$8,820,000  
UNIFIED SCHOOL DISTRICT NO. 393,  
DICKINSON COUNTY, KANSAS (SOLOMON)  
GENERAL OBLIGATION BONDS  
SERIES 2022  
DATED JANUARY 27, 2022**

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## CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of January 27, 2022 (the “Continuing Disclosure Undertaking”), is executed and delivered by **UNIFIED SCHOOL DISTRICT NO. 393, DICKINSON COUNTY, KANSAS (SOLOMON)** (the “Issuer”).

### RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2022 (the “Bonds”), pursuant to a Resolution adopted by the governing body of the Issuer (the “Bond Resolution”).

2. The Issuer is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). The Issuer is the only “obligated person” with responsibility for continuing disclosure hereunder.

The Issuer covenants and agrees as follows:

**Section 1. Definitions.** In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking, which may include the Issuer’s Comprehensive Annual Financial Report, if any, so long as the Comprehensive Annual Financial Report contains the financial information and operating data described in **Section 2(a)(1)** and **(2)**.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**Dissemination Agent**” means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking 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 Obligation**” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**“Fiscal Year”** means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the Issuer as the Fiscal Year of the Issuer for financial reporting purposes.

**“Material Events”** means any of the events listed in *Section 3* of this Continuing Disclosure Undertaking.

**“MSRB”** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

**“Participating Underwriter”** means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

## **Section 2. Provision of Annual Reports.**

(a) The Issuer shall, not later than the April 1<sup>st</sup> immediately following the end of the Issuer’s Fiscal Year, commencing with the year ending June 30, 2021, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

(1) The audited financial statements of the Issuer for the prior Fiscal Year, in substantially the format contained in the Official Statement relating to the Bonds. A more detailed explanation of the accounting basis and method of preparation of the financial statements is contained in the Official Statement relating to the Bonds. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in *Exhibit A*, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by 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 Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on 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 audited financial statements of the Issuer 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 under *Section 3*, and the Annual Report deadline provided above shall automatically become the first day of the tenth month after the end of the Issuer’s new fiscal year.

(b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

**Section 3. Reporting of Material Events.** Not later than 10 Business Days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“Material 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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, 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 obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, 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;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

**Section 4. Termination of Reporting Obligation.** The Issuer’s obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer’s obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. 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 under **Section 3**.

**Section 5. Dissemination Agents.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor

Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Undertaking.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the Issuer shall describe such amendment or waiver 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, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) 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.

**Section 7. Additional Information.** Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking 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 required by this Continuing Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the Issuer shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 8. Default.** If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any 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 to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Bond Resolution or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

**Section 9. Beneficiaries.** This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Section 10. Severability.** If any provision in this Continuing Disclosure Undertaking, the Bond Resolution or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 11. Electronic Transactions.** The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12. Governing Law.** This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

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**IN WITNESS WHEREOF**, the Issuer has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

**UNIFIED SCHOOL DISTRICT NO. 393,  
DICKINSON COUNTY, KANSAS  
(SOLOMON)**

(SEAL)

---

President

---

Clerk

## ***EXHIBIT A***

### **FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in tables in the following sections contained in *Appendix A* of the final Official Statement relating to the Bonds:

- Assessed Valuation
- Tax Rates
- Aggregate Tax Levies
- Tax Collection Record
- Major Taxpayers
- Current Indebtedness of the Issuer\*
- Lease Obligations\*

\* This Operating Data is also available in the Issuer's financial information portion of its Annual Report.



***APPENDIX E***

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100