

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 28, 2020

NEW ISSUE – BOOK ENTRY ONLY

**RATING: Moody's Investors Service: “__”
See “BOND RATING” herein**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under existing law, the interest on the Bonds is exempt from income taxation by the State of Kansas. Interest on the Bonds is included in gross income for federal income tax purposes. See “TAX MATTERS – Opinion of Bond Counsel” in this Official Statement.

\$63,460,000*

**UNIFIED SCHOOL DISTRICT NO. 230
JOHNSON / MIAMI COUNTY, KANSAS (SPRING HILL)
TAXABLE GENERAL OBLIGATION REFUNDING BONDS
SERIES 2020**

Dated: Date of Delivery

Due: September 1, as shown on inside cover

The Taxable General Obligation Refunding Bonds, Series 2020 (the “Bonds” or the “Series 2020 Bonds”) will be issued by Unified School District No. 230, Johnson / Miami County, Kansas (Spring Hill) (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 2022. Semiannual interest on the Bonds will be payable on March 1 and September 1, beginning on September 1, 2020 (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. A portion of the interest on the Bonds to and including each respective Refunded Bonds Redemption Date shall be primarily payable from the proceeds of certain Escrowed Securities and cash held in the Escrow Fund identified herein. See “THE BONDS – Security for the Bonds” herein.

At the option of the Issuer, the Bonds maturing on September 1, 2031 and thereafter will be subject to redemption prior to maturity at the option of the Issuer on September 1, 2030 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. 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., Kansas City, Missouri, 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 March 30, 2020.

RAYMOND JAMES

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 March __, 2020.

**Preliminary, subject to change*

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. As of this date, this Preliminary Official Statement has been deemed “final” by the City for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

\$63,460,000*
UNIFIED SCHOOL DISTRICT NO. 230
JOHNSON / MIAMI COUNTY, KANSAS (SPRING HILL)
TAXABLE GENERAL OBLIGATION REFUNDING BONDS
SERIES 2020

MATURITY SCHEDULE*

Dated: Date of Delivery

Due: September 1, as shown below

SERIAL BONDS

<u>Stated Maturity</u> <u>September 1*</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>⁽¹⁾
2022	\$5,000			
2023	5,000			
2024	5,000			
2025	5,000			
2026	5,000			
2027	235,000			
2028	980,000			
2029	5,680,000			
2030	11,220,000			
2031	7,445,000			
2032	545,000			
2033	555,000			
2034	5,730,000			
2035	5,870,000			
2036	6,035,000			
2037	6,205,000			
2038	6,380,000			
2039	6,555,000			

[TERM BONDS

<u>Stated Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>⁽¹⁾
]

(All plus accrued interest, if any)

(1) 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.

*Preliminary, subject to change

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

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

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

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

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

**UNIFIED SCHOOL DISTRICT NO. 230
JOHNSON / MIAMI COUNTY, KANSAS (SPRING HILL)**

Office of the Board of Education
101 E. South Street
Spring Hill, Kansas 66083
(913) 592-7200

BOARD OF EDUCATION

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Nicholas Hunt, Vice President
Nels Anderson, P.E.
Eric Boyle
Brent Hoffman
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ADMINISTRATIVE OFFICERS

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Dr. Wayne Burke

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Brad Willson

Treasurer

Doug Schwinn

Clerk

Candace Kramer

Director Of Business

Doug Schwinn

Issuer's Counsel

McAnany, Van Cleave & Phillips, P.A.
Kansas City, Kansas

BOND COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

UNDERWRITER

Raymond James & Associates, Inc.
Kansas City, Missouri

CERTIFIED PUBLIC ACCOUNTANT

Mize Houser & Company, P.A.
Lawrence, Kansas

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Preliminary 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

\$63,460,000*

UNIFIED SCHOOL DISTRICT NO. 230 JOHNSON / MIAMI COUNTY, KANSAS (SPRING HILL) TAXABLE GENERAL OBLIGATION REFUNDING BONDS SERIES 2020

INTRODUCTION

General Matters

The purpose of this Official Statement is to furnish information relating to Unified School District No. 230, Johnson/ Miami County, Kansas (Spring Hill) (the "Issuer" or the "District"), and the Taxable General Obligation Refunding Bonds, Series 2020 (the "Bonds" or "Series 2020 Bonds") of the District, dated as of the Dated Date, to be issued in the principal amount of \$63,460,000*.

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. Additional information regarding the District is contained in *APPENDIX A* to this Official Statement.

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

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. 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.

The Issuer has previously entered into disclosure undertakings pursuant to the Rule (the "Prior Undertakings"). Since Fiscal Year 2013, the Issuer has filed its Annual Report within the time period prescribed by the Prior Undertakings. The Issuer's filings for the previous five years are set forth on the table below.

Fiscal Year	Filing Time	Financial Information	Operating Data
<u>Ending June 30</u>	<u>Period (Days)</u>	<u>Filing Date</u>	<u>Filing Date</u>
2015	180	12/16/2015	12/16/2015
2016	180	11/28/2016	11/28/2016
2017	180	12/20/2017	12/20/2017
2018	180	12/18/2018	12/18/2018
2019	180	12/17/2019	12/17/2019

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

**Preliminary, subject to change.*

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 Underwriter, Raymond James & Associates, Inc., 1201 Walnut Street, 21st Floor, Kansas City, Missouri 64106 (816) 391-4120.

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.*, and K.S.A. 10-427 *et seq.*, all as amended and supplemented from time to time (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. The interest on the Bonds to and including September 1, 2021, shall be primarily payable from proceeds of certain Escrowed Securities and cash held in the Escrow Fund pursuant to the terms of the Escrow Agreement. After September 1, 2021, a portion of the interest on the Bonds allocable to refunding the Series 2016 Refunded Bonds, the Series 2016-B Refunded Bonds, and the Series 2018-A Refunded Bonds (all as defined herein) to and including September 1, 2026, shall be primarily payable from proceeds of certain Escrowed Securities and cash held in the Escrow Fund pursuant to the terms of the Escrow Agreement. After September 1, 2026, a portion of the interest on the Bonds allocable to refunding the Series 2018-A Refunded Bonds to and including September 1, 2027, shall be primarily payable from proceeds of certain Escrowed Securities and cash held in the Escrow Fund pursuant to the terms of the Escrow Agreement.

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 as hereinafter set forth under “THE BONDS – Redemption Provisions,” 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 to the person in whose name such Bond is registered on the Bond Register at the maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

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

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

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

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Bonds; Securities Depository

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

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

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

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

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

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

Registration, Transfer and Exchange of Bonds

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

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

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond

during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Nonpresentation 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, 2031 and thereafter may be called for redemption and payment prior to their Stated Maturity on September 1, 2030, 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) 20__ Term Bonds. The 20__ 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 20__ Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$	*

* 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 of face 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 of face 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 State Treasurer. 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 Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of 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 REFUNDING PLAN

The District has adopted a plan to crossover advance refund the following portion of the District’s outstanding General Obligation Bonds, Series 2011-A (the “Series 2011-A Refunded Bonds”); General Obligation Refunding Bonds, Series 2016 (the “Series 2016 Refunded Bonds”); General Obligation Improvement Bonds, Series 2016-B (the “Series 2016-B Refunded Bonds”) and General Obligation Bonds, Series 2018-A (the “Series 2018-A Refunded Bonds;” collectively, the Series 2011-A Refunded Bonds, the Series 2016 Refunded Bonds, the Series 2016-B Refunded Bonds, and the Series 2018-A Refunded Bonds shall be referred to as the “Refunded Bonds”):

<u>Series</u>	<u>Maturities*</u>	<u>Principal Amount*</u>	<u>Refunded Bonds Redemption Date*</u>	<u>Redemption Price</u>
2011-A	2029	\$1,500,000	September 1, 2021	100%
2016	2029	\$1,670,000	September 1, 2026	100%
2016	2030	2,405,000	September 1, 2026	100%
2016-B	2029	\$1,510,000	September 1, 2026	100%
2016-B	2030	3,565,000	September 1, 2026	100%
2016-B	2031	2,265,000	September 1, 2026	100%
2018-A	2030	\$4,330,000	September 1, 2027	100%
2018-A	2031	4,545,000	September 1, 2027	100%
2018-A	2034	5,160,000	September 1, 2027	100%
2018-A	2035	5,420,000	September 1, 2027	100%
2018-A	2036	5,690,000	September 1, 2027	100%
2018-A	2037	5,975,000	September 1, 2027	100%
2018-A	2038	6,275,000	September 1, 2027	100%
2018-A	2039	6,585,000	September 1, 2027	100%

**Specific maturities and amounts of bonds to be refunded are preliminary and subject to change.*

An Escrow Fund will be established for a portion of the interest on the Bonds and the principal of the Refunded Bonds pursuant to the terms of the Escrow Trust Agreement dated as of the Dated Date, by and between the Issuer and Security Bank of Kansas City, Kansas City, Kansas (the “Escrow Agent”). See “**APPENDIX C – SUMMARY OF FINANCING DOCUMENTS – The Escrow Trust Agreement**” for a discussion of the manner in which the Escrow Fund is administered. The Escrow Fund and the cash and Escrowed Securities held therein will be pledged to: (a) payment of interest on a portion of the Bonds to the respective Refunded Bonds Redemption Date (see “**THE BONDS – Security for the Bonds**”), and (b) redeeming the principal of the Refunded Bonds on the respective Refunded Bonds Redemption Date.

VERIFICATION OF ESCROW

The accuracy of the mathematical computations of: (a) the adequacy of cash and certain Escrowed Securities to be held by the Escrow Agent pursuant to the Escrow Agreement, together with the interest to be earned thereon, to pay (i) the interest on the Bonds to and including September 1, 2021, (ii) a portion of the interest on the Bonds allocable to refunding the Series 2016 Refunded Bonds, the Series 2016-B Refunded Bonds, and the Series 2018-A Refunded Bonds to and including September 1, 2026, and (iii) a portion of the interest on the Bonds allocable to refunding the Series 2018-A Refunded Bonds to and including September 1, 2027, and to pay the principal of and premium, if any, due on the Refunded Bonds on the respective Refunded Bonds Redemption Date and (b) certain yield calculations relating to the Bonds and the Escrowed Securities made in accordance with Code §148, will be verified by Robert Thomas CPA, LLC, Certified Public Accountant, Shawnee Mission, Kansas. Such verification of the accuracy of such mathematical computations will be based upon information supplied by the Underwriter and on interpretations of the Code provided by Bond Counsel.

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	\$63,460,000.00*
Total	
Uses of Funds:	
Deposit to Escrow Fund	
Underwriter's Discount	
Costs of Issuance	
Total	

*Preliminary, subject to change.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

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

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. It is the present practice of the Underwriter, however, to make a secondary market as dealers in issues of municipal bonds which the Underwriter distributes. The Underwriter intends to continue this practice with respect to the Bonds, but is not obligated to do so. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in the Bonds as a result of the financial condition or market position of the Underwriter, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Bonds are in default as to principal and interest payments, and other factors which in the opinion of the Underwriter may give rise to uncertainty concerning prudent secondary market practices.

Premium on Bonds

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

Limitations on Remedies Available to Owners of Bonds

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

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. Economic conditions may have an effect on State revenues that result in adjustments in the amount of State aid distributed 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 Kansas income 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 Report, the State/School Group had an UAAL of approximately \$6.756 billion in calendar year 2018. 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.

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

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 RATING

Moody's Investors Service has assigned an independent rating of "___" to the Bonds. Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any bonds, including the Bonds, or as to the market price or suitability thereof for a particular investor. The Issuer furnished such rating agency with certain information and materials relating to 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 affect on the market price of the Bonds.

ABSENCE OF LITIGATION

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

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., Kansas City, Missouri, bond counsel to the Issuer ("Bond Counsel"). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has not participated in the preparation of the Official Statement and therefore expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE BONDS," "LEGAL MATTERS," "TAX MATTERS" and "*APPENDIX C – SUMMARY OF FINANCING DOCUMENTS.*" Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Bonds.

Certain Relationships

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

TAX MATTERS

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

Opinion of Bond Counsel

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

Other Tax Consequences

Interest Taxable. Interest on the Bonds is included in gross income for federal income tax purposes.

[**Original Issue Discount.** Certain maturities of the Bonds have an initial offering price below the stated redemption price at maturity as set forth on the inside cover hereof. Accordingly, some or all of such Bonds (the “Taxable OID Bonds”) may have original issue discount for federal income tax purposes. Subject to the conditions set forth above, any original issue discount properly allocable to the owner of a Taxable OID Bond will be included in gross income for federal income tax purposes with respect to such owner. Following is a general discussion of the federal income tax consequences of the purchase, ownership, and disposition of bonds issued with original issue discount. Purchasers of the Taxable OID Bonds should consult their own tax advisors to determine the specific treatment of original issue discount for federal income tax purposes and to determine the state and local tax consequences of owning such bonds.

Under Code §1273 and applicable Regulations, original issue discount is the excess of the stated redemption price at maturity of a bond over its issue price, if such excess equals or exceeds a *de minimis* amount equal to $\frac{1}{4}$ of 1% of the bond’s stated redemption price at maturity multiplied by either (a) the number of complete years to stated maturity from its issue date, or (b) in the case of a bond providing for the mandatory, or in certain cases optional, payment prior to stated maturity of any amount other than qualified stated interest (as defined below), the weighted average maturity of such bond. The issue price of each bond in an issue of bonds equals the first price at which a substantial amount of such bonds are sold to the public (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters). The stated redemption price at maturity of a bond is the sum of all payments provided by the bond other than “qualified stated interest” payments. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate.

The owner of a Taxable OID Bond must include original issue discount in income as ordinary interest for federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such owner’s regular method of tax accounting. In general, the amount of original issue discount included in income by the initial owner of a Taxable OID Bond is the sum of the daily portions (as defined below) of original issue discount with respect to such Taxable OID Bond for each day during the taxable year (or portion of the taxable year) on which such owner held such Taxable OID Bond. The “daily portion” of original issue discount on any Taxable OID Bond is determined by allocating to each day in any accrual period (as defined below) a ratable portion of the original issue discount allocable to that accrual period. An “accrual period” may be of any length and the accrual periods may vary in length over the term of the Taxable OID Bond, so long as each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of original issue discount allocable to each accrual period is generally equal to the difference between (i) the product of the

Taxable OID Bond's adjusted issue price (as defined below) at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period), and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Taxable OID Bond at the beginning of any accrual period is the sum of the issue price of the Taxable OID Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Taxable OID Bond that were not qualified stated interest payments.

The portion of the original issue discount included in an owner's gross income while the owner holds a Taxable OID Bond will increase the owner's adjusted tax basis in the Taxable OID Bond. Upon sale, exchange, redemption, or other disposition of a Taxable OID Bond, an owner generally will recognize taxable gain or loss equal to the difference between the amount realized by the owner upon such disposition and the owner's adjusted tax basis in the Taxable OID Bond. Any such gain or loss generally will be capital gain or loss and may be long-term capital gain or loss if the owner has held the Taxable OID Bond for the required holding period (currently one year). Noncorporate taxpayers currently are subject to reduced maximum income tax rates on long-term capital gains and generally are subject to income tax at ordinary income rates on short-term capital gains. An owner's ability to deduct capital losses is subject to certain limitations. Owners should consult their own tax advisors concerning the specific tax consequences of disposing of a Taxable OID Bond.]

[**Original Issue Premium.** If a Bond is purchased at a price that exceeds the stated redemption price of the Bond at maturity, the excess of the purchase price over the stated redemption price at maturity constitutes premium on the Bond, and that Bond is referred to in this discussion as a "Taxable Premium Bond." Under Code § 171, the purchaser of a Taxable Premium Bond may elect to amortize the premium over the term of the Taxable Premium Bond using constant yield principles, based on the purchaser's yield to maturity. An owner of a Taxable Premium Bond amortizes bond premium by offsetting the qualified stated interest allocable to an accrual period with the bond premium allocable to that accrual period. This offset occurs when the owner takes the qualified stated interest into income under the owner's regular method of accounting. If the premium allocable to an accrual period exceeds the qualified stated interest for that period, the excess is treated by the owner as a deduction under Code § 171(a)(1). As premium is amortized, the owner's basis in the Taxable Premium Bond will be reduced by the amount of amortizable premium properly allocable to the owner. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

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

UNDERWRITING

The Bonds are being purchased for reoffering by Raymond James & Associates, Inc., Kansas City, Missouri (the "Underwriter") at the purchase price of 100% of the principal amount of the Bonds plus a net reoffering premium of \$_____ less an underwriter's discount of \$_____. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Bonds will be offered to the public initially at the price determined to produce the yields 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 Issuer as of the date on the cover page hereof. This Official Statement is submitted in connection with the issuance of the Bonds and may not be reproduced or used as a whole or in part for any other purpose. This Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Bonds.

**UNIFIED SCHOOL DISTRICT NO. 230
JOHNSON / MIAMI COUNTY, KANSAS (SPRING HILL)**

By: _____
President, Board of Education

APPENDIX A

INFORMATION CONCERNING THE ISSUER

GENERAL

Size and Location

The District is located in Spring Hill, Kansas (the "City"), which is located in east-central Kansas approximately 30 miles south of downtown Kansas City, Missouri and five miles south of Olathe, Kansas. The City of Spring Hill is located in southern Johnson County and northern Miami County. The City encompasses approximately 4.9 square miles and has a population of 6,166. The District encompasses approximately 71 square miles and has a current estimated population of 16,000 persons and a current student enrollment of 4,427.

Government and Organization of the District

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

District Facilities

The District operates four elementary schools, two middle schools and one senior high school. In addition, the District operates the Insight School of Kansas (Grades 7-12) and Kansas Virtual Academy (Grades K-6), which is a full-time, diploma-granting online high school available to students throughout the State. The following table lists the various buildings and sites owned by the District and the present use of the building:

<u>Name of School</u>	<u>Grade Level</u>
Spring Hill Elementary School	PK-5
Wolf Creek Elementary School	K-5
Prairie Creek Elementary School	K-5
Timber Sage Elementary	K-5
Spring Hill Middle School	6-8
Woodland Spring Middle School	6-8
Spring Hill High School	9-12
Hilltop Education Center	Virtual K-12

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

<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
3,641	3,896	3,988	4,282	4,427

Source: Kansas State Department of Education

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

Other Educational Facilities

Residents of the District benefit from several regional secondary private schools and post-secondary institutions. There are four vocational technical schools and community colleges within a 25-minute drive from the City. They include Johnson County Community College, Johnson County Area Vocational School, DeVry Institute of Technology and Fort Scott Community College. There are 11 four-year universities within one hour of the City. Mid-America Nazarene University in Olathe is the closest with Washburn University in Topeka being the furthest away. Others include Rockhurst University in Kansas City, Missouri, Baker University in Baldwin, University of Kansas Regents Center in Overland Park, Haskell Indian

College in Lawrence, University of Kansas in Lawrence, University of Missouri at Kansas City, Missouri, Avila College in Overland Park, Brown Mackie College of Kansas in Overland Park and Ottawa University in Ottawa, Kansas.

Municipal Services and Utilities

Atmos Energy provides natural gas to the City. Evergy Inc. supplies retail electricity to the City. Telephone service is provided by Sprint. Cebridge Media operates a cable television system under franchise with the City. Sewer service is supplied by the City which operates a 1.2 million gallon per day sewer plant. Water is supplied to residents of the District by Johnson County Water District No. 1, Johnson County Water District No. 7 and Miami County Water District No. 2. The City provides police protection within the City and the Johnson and Miami County Sheriff’s Departments patrol the areas outside the City limits. The City is served by Johnson County Rural Fire District #2 which maintains a fire station and provides fire protection to the City.

Transportation

The District is served by U.S. Highway 169, just south of Interstate 35. The District is also served by U.S. Highway 69, U.S. Highway 56 and Highway K-68. In addition, the Kansas Turnpike and Interstate 70 are located north of the City. Burlington Northern Santa Fe Railroad provides rail service to the area. Regularly scheduled air service is available at the Kansas City International Airport, located 45 miles north of the City. New Century Air Center and Johnson County Executive Airport are located 10 miles north of the City.

Medical and Health Facilities

Residents of the District have access to numerous medical facilities in the Kansas City metropolitan area. Within a 15-minute drive, residents have access to two medical centers. Olathe Medical Center offers 150-bed service for a full-range of surgery and emergency care. Located next to the hospital is a doctors' building with offices for many of the hospital's 135 staff members. Through a partnership in Miami County, Olathe Medical Center has constructed a 20-bed facility near K-263 and U.S. 169 Highway in Paola. The facility has an active staff of 13 physicians with 50 consulting physicians. In less than 30 minutes, residents can reach services at AdventHealth Shawnee Mission or Overland Park Regional Medical Center. Dental offices, eye care and chiropractic services are available through established practices in or near the City.

ECONOMIC INFORMATION

Major Employers

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

<u>Major Employers</u>	<u>Product/Service</u>	<u>Number of Full- and Part-time Employees</u>
U.S.D. No. 230 (Spring Hill)	Education	450
AGC Glass Company	Glass Manufacturers	238
A&M Products Manufacturing	Manufacturer – Cat Litter	175
Queen’s Price Chopper	Grocers	112
Mid-Am Building Supply	Construction Material	74
City of Spring Hill	Government	53
Christensen Lumber	Lumber/Housing Prefabrication	44
Golden Living Center	Skilled Nursing Center	40
Simmons Gun Specialties Inc.	Firearm Servicing and Repair	27
Tap Enterprises	Regional Tool Distributor	25
ACS – Artistic Concrete Services	Concrete Construction and Design	20

Source: City of Spring Hill, Kansas

Labor Force

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

JOHNSON COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2014	320,747	308,630	12,117	3.8%
2015	324,703	313,723	10,980	3.4%
2016	328,355	317,665	10,690	3.3%
2017	332,197	322,197	10,000	3.0%
2018	336,677	326,954	9,723	2.9%
2019*	343,106	334,820	8,286	2.4%

MIAMI COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2014	16,853	16,058	795	4.7%
2015	16,757	16,032	725	4.3%
2016	17,022	16,315	707	4.2%
2017	17,175	16,534	641	3.7%
2018	17,469	16,840	629	3.6%
2019*	17,789	17,252	537	3.0%

STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2014	1,491,710	1,424,016	67,694	4.5%
2015	1,489,829	1,427,731	62,098	4.2%
2016	1,485,336	1,425,413	59,923	4.0%
2017	1,478,783	1,425,216	53,567	3.6%
2018	1,478,713	1,424,724	53,989	3.7%
2019*	1,496,270	1,449,063	47,207	3.2%

*December 2019 figures according to Kansas Department of Labor.

Source: Kansas Statistical Abstract

Retail Sales Tax Collections

The current total sales tax rate for the portion of the City of Spring Hill located in Johnson County is 9.475%, of which the State's portion is 6.50%, the County's portion is 1.475%, and the City's portion is 1.50%. The current total sales tax rate for the portion of the City of Spring Hill located in Miami County is 9.50%, of which the State's portion is 6.50%, the County's portion is 1.50% and the City's portion is 1.50%. The following table lists Johnson and Miami counties' state sales tax collections on the State of Kansas portion of the total sales tax and the per capita sales tax collections for the years listed:

<u>Year</u>	<u>Johnson County Sales Tax Collections</u>	<u>Johnson County Per Capita Sales Tax</u>	<u>Miami County Sales Tax Collections</u>	<u>Miami County Per Capita Sales Tax</u>
2014	\$640,502,450	\$1,109.51	\$18,668,118	\$555.11
2015	681,334,465	1,135.72	19,496,804	576.27
2016	713,544,502	1,209.73	20,765,714	614.38
2017	724,610,436	1,227.19	20,966,519	635.50
2018	732,390,863	1,239.19	21,513,879	640.53

Source: Kansas Statistical Abstract

Building Permits and Construction

The value of building permits issued in the City of Spring Hill, Kansas for the years set forth below is as follows:

<u>Year</u>	<u>Residential Permits</u>		<u>Commercial/Industrial Permits</u>		<u>Total Value⁽¹⁾</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
2015	78	\$17,202,161	8	\$5,075,709	\$22,277,870
2016	57	20,149,164	2	911,080	22,349,695
2017	70	15,943,866	6	7,513,494	29,383,865
2018	148	35,530,195	10	870,860	36,401,055
2019	125	20,008,868	6	12,472,987	32,481,855

⁽¹⁾ The Total Value includes all other permits issued by the City of Spring Hill, Kansas including lighting, heating, plumbing, roof replacement, etc.

Source: City of Spring Hill, Kansas

Financial and Banking Institutions

There are currently a total of 69 banks and 269 banking locations throughout Johnson County and Miami County. For the years listed, bank deposits of the counties' banks are as follows:

<u>Year</u>	<u>Johnson County Total Bank Deposits</u>	<u>Miami County Total Bank Deposits</u>
2015	\$16,906,581,000	\$506,000,000
2016	18,113,761,000	529,000,000
2017	19,824,312,000	555,000,000
2018	19,992,000,000	557,000,000
2019	20,932,000,000	557,000,000

Source: FDIC

Population

The following table shows the approximate population of the City of Spring Hill, Johnson County and Miami County in the years indicated:

<u>Year</u>	<u>City of Spring Hill Population</u>	<u>Johnson County Population</u>	<u>Miami County Population</u>
1960	909	143,792	19,884
1970	1,186	220,073	19,254
1980	2,005	270,269	21,618
1990	2,084	355,054	23,466
2000	2,727	451,086	28,500
2010	5,407	549,661	31,229
2018	6,166	597,555	33,680

The median age of persons in Johnson County, Miami County and the State of Kansas is 36.4, 39.5 and 36.0, respectively, per the 2010 Census.

Source: Kansas Statistical Abstract

Personal Income

The Johnson County, Miami County and State of Kansas per capita personal income are listed for the years indicated in the following table:

<u>Year</u>	<u>Johnson County Per Capita Personal Income</u>	<u>Miami County Per Capita Personal Income</u>	<u>State of Kansas Per Capita Personal Income</u>
2013	\$59,499	\$40,153	\$45,826
2014	62,832	41,701	46,702
2015	66,294	43,528	47,229
2016	68,731	44,785	47,496
2017	69,977	46,231	48,600
2018	n/a	n/a	50,155

Source: Kansas Statistical Abstract

FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

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

The District'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. Beginning in 2015, the Kansas Legislature passed legislation that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the "Tax Lid"). However, the Tax Lid does not apply to the District and only applies to cities and counties.

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 Mize Houser & Company, P.A., Lawrence, 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, 2019 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.

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments in June 1999, which established new requirements for the annual financial reports of state and local governments. The District does not implement GASB Statement No. 34 for its financial statements. The District has obtained a waiver from generally accepted accounting principles which allows the District to revert to the statutory basis of accounting.

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 Johnson County and Miami County Appraiser's offices determines the fair market value of all taxable property within their respective counties, and 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 30%, (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 tables show the assessed valuation of the taxable tangible property within the District for the following years:

ASSESSED VALUATION - JOHNSON COUNTY PORTION OF THE DISTRICT

<u>Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Recreation Vehicles</u>	<u>Total Valuation</u>
2015	\$112,315,735	\$2,454,225	\$10,355,529	\$13,608,203	\$141,319	\$138,875,011
2016	131,578,920	2,325,482	10,453,963	15,689,930	176,791	160,225,086
2017	149,857,080	2,636,904	10,904,323	17,595,241	202,848	181,196,396
2018	183,894,036	2,219,961	11,943,658	20,089,161	240,564	218,387,380
2019	214,681,870	2,241,032	12,588,382	22,449,253	243,719	252,204,256

Source: Johnson County Clerk

ASSESSED VALUATION - MIAMI COUNTY PORTION OF THE DISTRICT

<u>Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2015	\$33,459,899	\$272,115	\$2,499,514	\$4,747,407	\$40,978,935
2016	35,215,710	299,991	2,536,225	5,114,818	43,166,744
2017	37,226,821	289,853	2,783,120	5,315,403	45,615,197
2018	41,108,622	296,329	3,089,870	5,786,912	49,281,733
2019	44,454,636	302,749	3,268,386	6,087,531	54,113,302

Source: Miami County Clerk

TOTAL ASSESSED VALUATION OF THE DISTRICT

<u>Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Recreation Vehicles</u>	<u>Total Valuation</u>
2015	\$145,775,634	\$2,726,340	\$12,855,043	\$18,355,610	\$141,319	\$179,853,946
2016	166,794,630	2,625,473	12,990,188	20,804,748	176,791	203,391,830
2017	187,083,901	2,926,757	13,687,443	22,910,644	202,848	226,811,593
2018	225,002,658	2,933,233	15,033,528	25,876,073	240,564	267,669,113
2019	259,136,506	2,543,781	15,856,768	28,536,784	243,719	306,317,558

Estimated Market Valuation

The following table shows the estimated market valuation based upon an average assessment ratio of 16% for the taxable property within the District:

<u>Year</u>	<u>Estimated Market Valuation</u>
2015	\$1,124,087,163
2016	1,271,198,938
2017	1,417,572,456
2018	1,672,931,956
2019	1,914,484,738

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 \$7,100,000 of revenues for the 2019-2020 fiscal year.

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 8.00 mills for a continuous and permanent period, which generates approximately \$2,800,000 of revenues for the 2019-2020 fiscal year.

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.

It is anticipated that the CIF will pay approximately (a) 19% of the District’s debt service on the Series 2016-B Bonds, Series 2018-A Bonds and Series 2020 and (b) 50% of the District’s debt service on all other outstanding general obligation bonds for the current school year 2019-2020. No assurance can be given that State CIF assistance will continue in future years. The District is obligated to levy unlimited ad valorem taxes to provide for debt service payments on the Bonds, regardless of any amounts received from the CIF.

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. Most recently, the Kansas Supreme Court (the “Court”) held in an opinion filed on June 25, 2018, 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. Therefore, if the Stay were lifted, it is 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>Local Option Budget</u>	<u>Capital Outlay</u>	<u>Bond & Interest</u>	<u>Other</u>	<u>District Levy</u>
2015/16	20.000	13.605	0.000	16.541	13.990	64.136
2016/17	20.000	7.972	4.000	20.938	11.038	63.948
2017/18	20.000	18.294	8.000	6.812	10.715	63.821
2018/19	20.000	8.060	7.907	19.738	7.501	63.206
2019/20	20.000	9.027	8.000	23.319	7.634	67.980

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:

TAX LEVIES - JOHNSON COUNTY PORTION OF THE DISTRICT

<u>Levy Year</u>	<u>Budget Year</u>	<u>State</u>	<u>Johnson County</u>	<u>Johnson County Library</u>	<u>Johnson County Park</u>	<u>Community College</u>	<u>School District</u>	<u>Recreation Commission</u>	<u>City</u>	<u>Total Levy</u>
2015	2016	1.500	19.582	3.912	3.101	9.469	64.136	3.051	38.862	143.613
2016	2017	1.500	19.590	3.915	3.102	9.473	63.948	3.050	38.860	143.438
2017	2018	1.500	19.318	3.921	3.112	9.503	63.821	3.050	39.848	144.073
2018	2019	1.500	19.024	3.901	3.088	9.266	63.206	3.015	39.820	142.820
2019	2020	1.500	19.036	3.904	3.090	9.121	67.980	3.052	39.599	147.282

Source: Johnson County Clerk

TAX LEVIES - MIAMI COUNTY PORTION OF THE DISTRICT

<u>Levy Year</u>	<u>Budget Year</u>	<u>City</u>	<u>Miami County</u>	<u>School District</u>	<u>Recreation Commission</u>	<u>Township</u>	<u>Library</u>	<u>Ext. Dist. #16</u>	<u>State</u>	<u>Total Levy</u>
2015	2016	38.862	46.617	64.136	2.035	0.000	1.378	0.734	1.500	155.262
2016	2017	38.860	49.452	63.948	3.050	0.000	1.378	0.749	1.500	158.937
2017	2018	39.848	49.395	63.821	3.050	0.000	1.353	0.748	1.500	159.715
2018	2019	39.820	48.307	63.206	3.015	0.000	1.353	0.747	1.500	157.948
2019	2020	39.599	46.374	67.980	3.052	0.000	1.351	0.789	1.500	160.645

Source: Miami County Clerk

Tax Collection Record:

The following table sets forth the property tax collection information for the portion of the District located in Johnson County and Miami County for the years indicated:

TAX COLLECTIONS - JOHNSON COUNTY PORTION OF THE DISTRICT

<u>Year</u>	<u>Original Tax Levy</u>	<u>Adjusted Tax Levy⁽¹⁾</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (Current & Delinquent)</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
2014/15	\$6,922,679	\$7,434,698	\$7,349,022	98.85%	60,659	\$7,409,681	99.18%
2015/16	7,865,655	8,360,449	8,261,406	98.81%	155,931	8,377,337	100.20%
2016/17	9,061,174	9,460,473	9,344,622	98.77%	40,183	9,384,805	99.20%
2017/18	10,247,609	11,034,999	10,896,849	98.75%	50,757	10,947,606	99.21%
2018/19	12,319,556	12,838,142	12,727,066	99.22%	48,794	12,775,860	99.51%

⁽¹⁾ Adjusted tax levy is the original levy amount plus or minus adjustments for additional taxes, abatements, etc.

Source: Johnson County Treasurer

TAX COLLECTIONS - MIAMI COUNTY PORTION OF THE DISTRICT

<u>Year</u>	<u>Original Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>
2014/15	\$1,653,255.18	\$1,642,734.70	99.4%
2015/16	1,677,973.64	1,662,560.55	99.1%
2016/17	1,795,050.95	1,777,849.87	99.0%
2017/18	1,897,132.63	1,878,320.51	99.0%
2018/19	2,029,172.46	2,014,164.24	99.2%
2019/20*	2,459,356.75	1,383,727.37	52.2%

* Collections through January 23, 2020

Source: Miami County Clerk

Major Taxpayers:

The following tables set forth the largest taxpayers in the District in 2019:

MAJOR TAXPAYERS - JOHNSON COUNTY PORTION OF THE DISTRICT

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Tax</u>
Sealy	\$7,478,001	\$967,174.74
Faith Technologies Inc.	4,885,177	631,829.25
AGC Flat Glass North America, Inc.	4,203,275	644,942.11
Kansas City Power & Light Co.*	3,626,854	468,484.98
Westar Energy*	2,517,921	355,836.32
Atmos Energy	2,006,494	270,245.07
A&M Products Manufacturing Co.	1,997,250	294,158.97
Fremato USA Inc.	1,603,503	205,961.94
Union Pacific Railroad Company	1,563,669	210,092.37

Source: Johnson County Appraiser

MAJOR TAXPAYERS - MIAMI COUNTY PORTION OF THE DISTRICT

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Tax</u>
Kansas City Power & Light Co.*	\$1,924,895	\$252,054.02
BNSF Railroad	843,308	105,776.32
Phillips & Associates Prop LLC	705,225	113,290.88
Blackhawk Development	379,667	60,255.68
NRFC Blackhawk Holdings LLC	325,355	52,220.66
Union Pacific Railroad Co	316,977	39,458.88
Blackhawk Retail Development LLC	312,840	50,256.20
Blackhawk Professionals LLC	288,640	46,368.58
A-Line Investors	241,942	38,866.82
Moley's Real Estate Corp.	239,060	37,230.42

* Kansas City Power & Light Co. and Westar Energy recently combined to form Evergy, Inc.

Source: Miami 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 June 30, 2018, KPERS serves approximately 312,000 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).

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 14.41% of the employee's gross salary for the period beginning July 1, 2019, through June 30, 2020, and is projected to change to 14.23% for the period beginning July 1, 2020, through June 30, 2021, and 14.09% for the period beginning July 1, 2021, through June 30, 2022. 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, 2018 (the "2018 Valuation Report") the KPERS School Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$5.821 billion at the end of 2018. The amount of the UAAL in 2018 changed from the previous year's amount due to the factors discussed in the 2018 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 2018 Valuation Report is available on the KPERS website at 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 2018 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 2018 Valuation Report sets the employer contribution rate for the period beginning July 1, 2021, for the KPERS School Group, and KPERS' actuaries identified that an employer contribution rate of 15.15% of covered payroll would be necessary, in addition to additional employer contributions of 0.64% for the period beginning July 1, 2021 (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 2018 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 14.09%. 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 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 Issuer's general obligation debt, including the Bonds, but excluding the Refunded Bonds:

	<u>Gross Debt</u>	<u>Net Debt⁽²⁾</u>
Assessed Valuation	\$306,317,558	\$306,317,558
Estimated Actual Valuation	\$1,914,484,738	\$1,914,484,738
Outstanding General Obligation Bonds ⁽¹⁾	\$225,640,000	\$164,447,400
Overlapping Debt	\$26,060,313	\$26,060,313
Direct Debt Per Capita (Population 16,000)	\$14,102.50	\$10,277.96
Direct and Overlapping Debt Per Capita	\$15,731.27	\$11,906.73
Direct Debt as a Percentage of Assessed Valuation	73.66%	53.69%
Direct and Overlapping Debt as a Percentage of Assessed Valuation	82.17%	62.19%
Direct Debt as a Percentage of Estimated Actual Valuation	11.79%	8.59%
Direct and Overlapping Debt as a Percentage of Estimated Actual Valuation	13.15%	9.95%

⁽¹⁾ Includes this issue, but excludes the Refunded Bonds to be refunded with the proceeds of this issue.

⁽²⁾ Net Debt excludes the portion of the Bonds to be paid by the State of Kansas pursuant to the School Finance Formula. Under the current school finance formula, the State of Kansas will pay 50% of debt service on the District's outstanding general obligation bonds which were approved at an election before July 1, 2015 and 19% for the Series 2020, Series 2016-B Bonds and Series 2018-A Bonds.

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 Issuer including the Bonds, but excluding the Refunded Bonds:

GENERAL OBLIGATION BONDS

<u>Description of Indebtedness</u>	<u>Series</u>	<u>Dated Date</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>
General Obligation Bonds ⁽²⁾	2011-A	08/01/2011	\$39,000,000	N/A	\$-0-
General Obligation Refunding Bonds	2011-B	08/01/2011	15,130,000	9/1/2020	2,320,000
General Obligation Refunding Bonds	2012	04/26/2012	9,440,000	9/1/2024	8,845,000
General Obligation Refunding Bonds	2013	01/09/2013	8,975,000	9/1/2024	7,035,000
General Obligation Refunding Bonds ⁽²⁾	2016	05/10/2016	25,515,000	9/1/2030	21,440,000
General Obligation Improvement Bonds ⁽²⁾	2016-B	10/27/2016	82,400,000	9/1/2037	75,060,000
Taxable General Obligation Refunding Bonds	2016-C	10/27/2016	2,790,000	9/1/2028	2,790,000
General Obligation Refunding Bonds	2017-A	03/28/2017	9,290,000	9/1/2031	9,290,000
General Obligation Refunding Bonds	2017-B	06/07/2017	5,245,000	9/1/2023	5,245,000
General Obligation Bonds ⁽²⁾	2018-A	12/18/2018	72,000,000	9/1/2033	28,020,000
Taxable General Obligation Refunding Bonds	2018-B	12/18/2018	2,135,000	9/1/2021	2,135,000
Taxable General Obligation Refunding Bonds ⁽¹⁾	2020	03/30/2020	63,460,000	9/1/2039	<u>63,460,000</u>
				Total	<u>\$225,640,000</u>

⁽¹⁾ This Issue. Preliminary, subject to change.

⁽²⁾ Excludes the portion being refunded.

History of General Obligation Indebtedness

The following table sets forth general obligation debt information pertaining to the Issuer as of the fiscal years indicated:

<u>Year</u>	<u>Total Debt</u>	<u>Debt As Percentage of Assessed Value</u>	<u>Debt Per Capita</u>
2013	\$87,785,000	63.88%	\$5,852.33
2014	85,535,000	52.59%	5,518.38
2015	82,910,000	46.09%	5,349.03
2016	79,230,000	41.11%	5,111.61
2017	159,100,000	70.15%	10,264.52
2018	155,570,000	58.60%	10,036.77
2019	223,315,000	83.12%	17,691.12

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

General Obligation Debt Service Requirements

The following schedule shows the principal and interest requirements for the outstanding general obligation bonds of the District:

<u>Year</u>	<u>Outstanding Bonds⁽¹⁾</u>	<u>Debt Service Schedule</u>		<u>Total</u>
		<u>Principal*</u>	<u>Interest</u>	
2020	\$18,057,361.12			
2021	15,437,153.76			
2022	14,134,297.50	\$5,000.00		
2023	15,177,247.50	5,000.00		
2024	15,575,697.50	5,000.00		
2025	14,561,897.50	5,000.00		
2026	17,667,560.00	5,000.00		
2027	17,741,387.50	235,000.00		
2028	15,660,831.26	980,000.00		
2029	9,021,300.00	5,680,000.00		
2030	5,948,000.00	11,220,000.00		
2031	11,245,500.00	7,445,000.00		
2032	16,630,600.00	545,000.00		
2033	17,358,000.00	555,000.00		
2034	12,954,600.00	5,730,000.00		
2035	13,768,600.00	5,870,000.00		
2036	14,622,400.00	6,035,000.00		
2037	15,532,400.00	6,205,000.00		
2038		6,380,000.00		
2039		6,555,000.00		
Total	<u>\$261,094,833.64</u>	<u>\$63,460,000.00</u>		

⁽¹⁾ Excludes the Refunded Bonds. Preliminary, subject to change.

* Preliminary, subject to change.

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Overlapping and Underlying Indebtedness

The following table sets forth the overlapping and underlying indebtedness as of June 30, 2019 and the percent attributable (on the basis of assessed valuation) to the District:

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to Issuer</u>	<u>Amount Applicable to Issuer</u>
Johnson County ⁽¹⁾	\$338,820,000	1.89%	\$6,403,698
Miami County ⁽²⁾	24,492,000	11.10%	2,718,612
City of Spring Hill ⁽³⁾	6,917,785	100.00%	6,917,785
Jo. Co. Park & Recreation District ⁽⁴⁾	3,770,000	1.89%	71,253
Jo. Co. Community College	420,000	1.89%	7,935
Jo. Co. Fire District No. 2 ⁽⁴⁾	2,855,000	41.04%	1,171,692
City of Olathe ⁽⁵⁾	209,791,594	3.95%	8,286,768
City of Overland Park ⁽⁴⁾	109,675,000	0.44%	482,570
		Total	<u>\$26,060,313</u>

- ⁽¹⁾ Source: Official Statement posted to EMMA on November 18, 2019 for the County's recent debt issue. Excludes general obligation debt supported by revenues and revenue debt and includes \$265,655,000 of lease purchase revenue bonds issued by the Public Building Commission of Johnson County (PBC) which are payable solely from lease payments received by the PBC from Johnson County.
- ⁽²⁾ Source: Official Statement posted to EMMA on December 17, 2019, for the County's recent debt issue.
- ⁽³⁾ Source: Official Statement posted to EMMA on July 2, 2019, for City's most recent debt issue. Excludes General Obligation Bonds of the City payable from Utility Revenue, Special Assessments and Sales Tax, and includes the City's temporary notes.
- ⁽⁴⁾ Source: Audited Financial Statements for Fiscal Year Ended December 31, 2018.
- ⁽⁵⁾ Source: Official Statement posted to EMMA on June 27, 2019, for the City's recent debt issue. Excludes bonds payable from dedicated sources of revenue such as certain special assessments and revenues of the water and sewer system. Includes City's temporary notes.

Future Indebtedness

Currently the District does not have any plans to issue additional indebtedness. However, the District may issue additional general obligation refunding bonds in the future for the purpose of achieving interest cost savings on its outstanding general obligation bonds. In addition, the District may consider future bond elections to address growth in the District.

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APPENDIX B

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

UNIFIED SCHOOL DISTRICT NO. 230

Spring Hill, Kansas

Financial Statements

For the Year Ended June 30, 2019

UNIFIED SCHOOL DISTRICT NO. 230
 Financial Statements
 For the Year Ended June 30, 2019

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UNIFIED SCHOOL DISTRICT NO. 230
Financial Statements
For the Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 230
Spring Hill, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 230, Spring Hill, Kansas (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statement

Management's Responsibility for the Financial Statements

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 1 to meet the financial reporting requirements of the State of Kansas; 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require 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 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 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas 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 1 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 the District as of June 30, 2019, or the respective changes in financial position and cash flows, where applicable, 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 the District as of June 30, 2019, 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 1.

Report on 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, and the schedule of regulatory basis receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statements, however, are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the financial statements. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the 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 financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Matter

The 2018 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2018 basic financial statement upon which we rendered an unmodified opinion dated December 3, 2018. The 2018 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://da.ks.gov/ar/muniserv/>. Such 2018 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 2018 basic financial statements. The 2018 comparative information was subjected to auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statements or to the 2018 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 2018 comparative information is fairly presented in all material respects in relation to the 2018 basic financial statements as a whole, on the basis of accounting described in Note 1.

Mize Houser & Company PA

Certified Public Accountants

Lawrence, KS
November 25, 2019

UNIFIED SCHOOL DISTRICT NO. 230
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	\$ -	\$ -	\$ 25,484,212	\$ 25,484,212	\$ -	\$ 424,864	\$ 424,864
Supplemental General	692,900	-	6,600,229	6,924,022	369,107	-	369,107
Special Purpose Funds:							
Capital Outlay	1,173,340	-	3,153,339	1,249,646	3,077,033	-	3,077,033
Driver Training	58,564	-	50,651	27,513	81,702	-	81,702
Food Service	401,711	-	1,534,883	1,550,781	385,813	-	385,813
Parent Education	10,315	-	30,000	28,500	11,815	-	11,815
Special Education	947,164	-	5,271,959	6,139,232	79,891	109,994	189,885
Vocational Education	8,116	-	470,421	461,572	16,965	19,775	36,740
Special Assessment	817,817	-	4,569	182,891	639,495	-	639,495
KPERs Special Retirement Contribution	-	-	1,404,988	1,404,988	-	-	-
Professional Development	16,289	-	86,643	101,128	1,804	-	1,804
At Risk (4 Year Old)	15,013	-	30,000	34,583	10,430	-	10,430
At Risk (K-12)	115,966	-	1,150,000	1,170,034	95,932	17,206	113,138
Bilingual Education	5,844	-	67,000	69,102	3,742	5,676	9,418
Extraordinary Growth Facility	157,698	-	2,238,547	2,115,330	280,915	-	280,915
Special Liability	151,724	-	525	24,319	127,930	-	127,930
Special Reserve	1,214,573	-	2,960,918	3,151,600	1,023,891	-	1,023,891
Federal Funds	-	-	149,288	149,288	-	4,699	4,699
Virtual Education	-	-	5,747,340	5,300,000	447,340	-	447,340
Textbook Rental	74,458	-	253,513	247,895	80,076	-	80,076
Gifts and Grants	83,441	-	191,238	212,089	62,590	-	62,590
Contingency Reserve	500,419	-	-	-	500,419	-	500,419
Bond Construction	975	-	79,345,617	2,129,013	77,217,579	-	77,217,579
Bond Construction #2	35,856,352	-	228,321	25,308,231	10,776,442	754,790	11,531,232
Cost of Issuance	2,070	-	-	-	2,070	-	2,070
District Activities	124,455	-	315,752	312,783	127,424	-	127,424
Bond and Interest Fund:							
Bond and Interest	<u>8,481,289</u>	<u>-</u>	<u>14,523,556</u>	<u>12,169,724</u>	<u>10,835,121</u>	<u>-</u>	<u>10,835,121</u>
Total Reporting Entity (excluding Agency Funds)	<u>\$ 50,910,493</u>	<u>\$ -</u>	<u>\$ 151,293,509</u>	<u>\$ 95,948,476</u>	<u>\$ 106,255,526</u>	<u>\$ 1,337,004</u>	<u>\$ 107,592,530</u>

Composition of Cash:

State Bank of Spring Hill	
Checking Accounts	\$ 1,693,622
Certificate of Deposit	15,000
First Option Bank	
Checking Account	4,620
Money Market	2,069,968
Certificate of Deposit	7,727,410
TriCentury Bank	
Certificates of Deposit	515,767
Security Bank	
Money Market	1,784,458
U.S. Government & Agency Obligations	<u>93,949,427</u>
Cash Balance	107,760,272
Less: Agency Funds per Schedule 3	<u>[167,742]</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 107,592,530</u>

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

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 230 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements present the District (the primary government). The District's only related municipal entity, the Recreation Commission, has not been presented.

The District's Recreation Commission oversees recreational activities. The Recreation Commission operates as a separate governing body but the District levies taxes for the Recreation Commission and the Recreation Commission has only the powers granted by statute K.S.A. 12-1928. Two of the five members of the Recreation Commission's governing body are appointed by the District, two other members are appointed by the City and the final member is appointed by the other four previously appointed members. The separately audited financial statements of the Recreation Commission are available upon request at the Recreation Commission office.

Reimbursed Expenses

Expenditures in the amount of \$27,162 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

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

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

Basis of Accounting

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

Reclassification of Account Balances

Certain line items have been reclassified to conform to the presentation of the financial statements in the current year. This principally consisted of revenues and expenses reclassified in the Special Reserve Fund from the prior year, however, these reclassifications had no net effect on the District's unencumbered cash balances.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the District for the year ended June 30, 2019:

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 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 – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, student organization fund, etc.)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund(s), 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 at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory basis 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. The budget was not amended for the year ended June 30, 2019.

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

All legal annual operating budgets are prepared using the 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 municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Special Reserve, Textbook Rental, Contingency Reserve, Bond Construction, Bond Construction #2, Cost of Issuance, and District Activity.

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. 230
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 2 – In-Substance Receipt in Transit

The District received \$1,421,429 in General State Aid and \$319,376 in Supplemental General State Aid subsequent to June 30, 2019 and as required by K.S.A. 72-6466 the receipts were recorded as in-substance receipts in transit and included as receipts for the year ended June 30, 2019.

NOTE 3 - Deposits and Investments

Deposits. 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.

Investments. K.S.A. 12-1675 limits the District’s investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. As of June 30, 2019, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Cost Basis</u>	<u>Rating</u>
U.S. Government Securities	\$ 93,949,427	N/A
Federated Government Obligations	\$ 1,784,458	N/A

Some of the District’s investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, and various other investments as specified in K.S.A. 10-131.

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 City, or the Federal Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. The District has no designated “peak periods”.

At June 30, 2019, the District's carrying amount of deposits was \$12,026,387 and the bank balance was \$12,822,919. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$1,018,354 was covered by federal depository insurance and \$11,804,565 was collateralized with securities held by the pledging financial institutions’ agents in the District’s name.

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

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 4 - Long-Term Debt

Following is a detailed listing of the District's general obligation bond debt:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Balance June 30, 2019</u>
G.O. Bonds to be paid with tax levies:					
2011A Improvement Series	8/1/2011	\$ 39,000,000	4.00 - 5.50%	9/1/31	\$ 1,500,000
2011B Refunding Series	8/1/2011	15,130,000	2.00 - 4.00%	9/1/21	4,515,000
2012 Refunding Series	4/26/2012	9,440,000	2.00 - 3.00%	9/1/31	8,925,000
2013 Refunding Series	1/9/2013	8,975,000	1.00 - 3.00%	9/1/24	8,945,000
2014 Refunding Series	6/26/2014	5,060,000	2.00 - 3.00%	9/1/19	55,000
2016 Refunding Series	5/10/2016	25,515,000	2.00 - 5.00%	9/1/30	25,515,000
2016-B Improvement Series	10/27/2016	82,400,000	3.00 - 5.00%	9/1/37	82,400,000
2016-C Refunding Series	10/27/2016	2,790,000	2.50 - 2.85%	9/1/28	2,790,000
2017-A Refunding Series	3/28/2017	9,290,000	2.625 - 4.00%	9/1/31	9,290,000
2017-B Refunding Series	6/7/2017	5,245,000	3.00 - 5.00%	9/1/23	5,245,000
2018-A Improvement Series	12/18/2018	72,000,000	3.00 - 5.00%	9/1/39	72,000,000
2018-B Refunding Series	12/18/2018	2,135,000	3.25%	9/1/21	2,135,000
Total G.O. Bonds to be paid with tax levies					<u>\$ 223,315,000</u>

Following is a summary of changes in long-term debt for the year ended June 30, 2019:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid</u>
G.O. Bonds To Be Paid With:					
Tax Levies					
2011A Series	\$ 3,500,000	\$ -	\$ 2,000,000	\$ 1,500,000	\$ 1,879,468
2011B Refunding Bonds	6,460,000	-	1,945,000	4,515,000	219,500
2012 Refunding Bonds	9,005,000	-	80,000	8,925,000	264,000
2013 Refunding Bonds	8,955,000	-	10,000	8,945,000	249,300
2014 Refunding Bonds	1,875,000	-	1,820,000	55,000	28,400
2016 Refunding Bonds	25,515,000	-	-	25,515,000	-
2016-B Improvement Series	82,400,000	-	-	82,400,000	3,234,350
2016-C Refunding Series	2,790,000	-	-	2,790,000	75,085
2017-A Refunding Series	9,290,000	-	-	9,290,000	-
2017-B Refunding Series	5,245,000	-	-	5,245,000	215,550
2018-A Improvement Series	-	72,000,000	-	72,000,000	-
2018-B Refunding Series	-	2,135,000	-	2,135,000	14,070
Capital Leases					
Apple Lease	-	1,334,592	333,648	1,000,944	-
Total	<u>\$ 155,035,000</u>	<u>\$ 75,469,592</u>	<u>\$ 6,188,648</u>	<u>\$ 224,315,944</u>	<u>\$ 6,179,723</u>

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 4 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for the above long-term debt:

Year Ended <u>December 31,</u>	Principal	Interest	Total
2020	\$ 4,240,000	\$ 10,226,374	\$ 14,466,374
2021	4,585,000	9,379,217	13,964,217
2022	4,560,000	9,131,883	13,691,883
2023	5,235,000	8,861,399	14,096,399
2024	6,485,000	8,657,099	15,142,099
2025- 2029	45,200,000	38,666,532	83,866,532
2030 - 2034	65,895,000	25,725,213	91,620,213
2035 - 2039	80,530,000	9,253,700	89,783,700
2040	<u>6,585,000</u>	<u>164,625</u>	<u>6,749,625</u>
Total	<u>\$ 223,315,000</u>	<u>\$ 120,066,042</u>	<u>\$ 343,381,042</u>

Year Ended <u>December 31,</u>	Principal	Interest	Total
2020	\$ 333,648	\$ -	\$ 333,648
2021	333,648	-	333,648
2022	<u>333,648</u>	<u>-</u>	<u>333,648</u>
Total	<u>\$ 1,000,944</u>	<u>\$ -</u>	<u>\$ 1,000,944</u>

At June 30, 2019, the remaining principal balance of outstanding debt issues previously defeased is \$39,885,000. The principal and interest payments for these bonds will be paid by the trustee for the related escrow securities on the scheduled payment dates. This amount is not recorded in these financial statements.

NOTE 5 - Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	At Risk (4 Year Old)	K.S.A. 72-6478	\$ 30,000
General	At Risk (K-12)	K.S.A. 72-6478	700,000
General	Bilingual Education	K.S.A. 72-6478	52,000
General	Virtual Education	K.S.A. 72-6478	5,747,340
General	Professional Development	K.S.A. 72-6478	68,000
General	Parent Education	K.S.A. 72-6478	30,000
General	Special Education	K.S.A. 72-6478	4,046,681
General	Vocational Education	K.S.A. 72-6478	50,000
Bond Construction #2	Bond and Interest	Bond Agreement	2,912,004
Supplemental General	Bilingual Education	K.S.A. 72-6478	15,000
Supplemental General	At Risk (K-12)	K.S.A. 72-6478	450,000
Supplemental General	Special Education	K.S.A. 72-6478	247,426
Supplemental General	Vocational Education	K.S.A. 72-6478	400,000
Total			<u>\$ 14,748,450</u>

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 6 - Defined Benefit 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 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 statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.38% and 12.01%, respectively for the fiscal year ended June 30, 2018. The actuarially determined employer contribution rate and the statutory contribution rate was 14.59% and 13.21% for the fiscal year ended June 30, 2019.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 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 per year. The first year payment of \$6.4 million was received in July 2017.

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194,022,683 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 computer to be \$19.4 million per year.

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 \$1,404,988 for the year ended June 30, 2019.

Net Pension Liability. At June 30, 2019, the District's proportionate share of the collective net pension liability reported by KPERS was \$27,238,553. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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, 2018. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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 publically available on the website at www.kpers.org or can be obtained as described above.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 7 – Sick Leave Buyback

Under terms of the District's personnel policy, the District can buy back unused sick leave from employees at a rate of pay that varies depending on whether the employee is classified or certified and their length of service with the District. For the year ended June 30, 2019, the District purchased \$37,135 in sick leave from District employees.

NOTE 8 - Compensated Absences

Classified employees' vacation days can be carried over to the twelve months following the end of the year in which they were earned. The amount of unused vacation for classified employees as of June 30, 2019 is \$116,965.

NOTE 9 - Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District as of June 30, 2019.

NOTE 10 - 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; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 – Other Post Employment Benefits

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

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

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, 2019.

NOTE 12 – Employee Health Care

The District has established a program to pay medical claims of covered employees through a cost-plus healthcare insurance plan. Health insurance claims are paid monthly to the insurance provider up to a maximum claims liability. Under the contract, the District pays the lower amount between actual monthly claims plus any carryforward deficit or a monthly premium plus any carryforward surplus. A carryforward surplus represents an unused maximum claims liability, while a carryforward deficit represents a funding shortage. The amount of carryforward surplus at June 30, 2019, was \$293,023.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Financial Statements
For the Year Ended June 30, 2019

NOTE 13 – Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

		Project Authorization	Expenditures To Date
Bond Construction #2 Funds	Timber Sage	\$ 19,827,914	\$ 19,827,931
Bond Construction #2 Funds	Woodland Spring Middle School	\$ 32,334,174	\$ 26,219,564
Bond Construction #2 Funds	Early Childhood Center	\$ 2,549,040	\$ 143,293
Bond Construction #2 Funds	SHHS-Phase I	\$ 10,926,140	\$ 10,926,140
Bond Construction #2 Funds	SHHS-Phase II	\$ 8,332,010	\$ 8,335,384
Bond Construction #2 Funds	New SHES Gym	\$ 2,278,367	\$ 2,278,367
Bond Construction #2 Funds	Maintenance	\$ 500,000	\$ 342,136
Bond Construction #2 Funds	Education Technology	\$ 1,000,000	\$ 1,000,000
Bond Construction #2 Funds	Future Land Purchase	\$ 650,000	\$ 27,543
Bond Construction #2 Funds	Parking Lot	\$ 930,740	\$ 930,740
Bond Construction #2 Funds	USD 230 Contingency	\$ 2,225,109	\$ -
Bond Construction #2 Funds	Other Projects	\$ 846,506	\$ 786,685
Bond Construction #2 Funds	Dayton Creek ES	\$ 21,500,000	\$ 748,913
Bond Construction #2 Funds	New MS #3	\$ 34,500,000	\$ -
Bond Construction #2 Funds	Education Services Center	\$ 10,000,000	\$ 660,099
Bond Construction #2 Funds	Site Acquisition/Off Site Developm	\$ 2,000,000	\$ -
Bond Construction #2 Funds	School Safety	\$ 500,000	\$ -
Bond Construction #2 Funds	Technology	\$ 500,000	\$ -
Bond Construction #2 Funds	Maintenance	\$ 500,000	\$ -
Bond Construction #2 Funds	USD 230 Contingency	\$ 2,500,000	\$ -

UNIFIED SCHOOL DISTRICT NO. 230
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over [Under]</u>
General Funds						
General	\$ 25,632,559	\$ [175,509]	\$ 27,162	\$ 25,484,212	\$ 25,484,212	\$ -
Supplemental General	7,116,357	[192,335]	-	6,924,022	6,924,022	-
Special Purpose Funds:						
Capital Outlay	3,250,000	-	-	3,250,000	1,249,646	2,000,354
Driver Training	54,500	-	-	54,500	27,513	26,987
Food Service	1,748,100	-	-	1,748,100	1,550,781	197,319
Parent Education	40,000	-	-	40,000	28,500	11,500
Special Education	6,145,500	-	-	6,145,500	6,139,232	6,268
Vocational Education	472,000	-	-	472,000	461,572	10,428
Special Assessment	750,000	-	-	750,000	182,891	567,109
KPERs Special Retirement						
Contribution	4,096,719	-	-	4,096,719	1,404,988	2,691,731
Professional Development	149,000	-	-	149,000	101,128	47,872
At Risk (4 Year Old)	54,500	-	-	54,500	34,583	19,917
At Risk (K-12)	1,250,000	-	-	1,250,000	1,170,034	79,966
Bilingual Education	69,500	-	-	69,500	69,102	398
Extraordinary Growth Facility	2,367,909	-	-	2,367,909	2,115,330	252,579
Special Liability	145,000	-	-	145,000	24,319	120,681
Federal Funds	163,604	-	-	163,604	149,288	14,316
Virtual Education	5,300,000	-	-	5,300,000	5,300,000	-
Gifts and Grants	170,000	-	-	170,000	212,089	[42,089]
Bond and Interest Fund:						
Bond and Interest	10,064,404	-	2,135,000	12,199,404	12,169,724	29,680

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 290	\$ -	\$ -	\$ -
State aid/grants	23,124,457	25,457,050	25,632,559	[175,509]
Reimbursements	363,784	27,162	-	27,162
Total Receipts	<u>23,488,531</u>	<u>25,484,212</u>	<u>\$ 25,632,559</u>	<u>\$ [148,347]</u>
Expenditures				
Instruction	8,082,686	7,735,216	\$ 8,673,617	\$ 938,401
Student support services	1,342,116	1,832,302	899,000	[933,302]
Instructional support staff	-	-	645,500	645,500
General administration	441,652	649,279	487,000	[162,279]
School administration	1,531,806	1,634,080	1,873,000	238,920
Central services	-	-	874,000	874,000
Operations and maintenance	530,895	580,633	1,008,500	427,867
Transportation	1,299,075	1,305,013	1,450,000	144,987
Other support services	826,304	1,023,668	-	[1,023,668]
Transfers out	9,433,997	10,724,021	9,721,942	[1,002,079]
Adjustments to comply with legal max	-	-	[175,509]	[175,509]
Adjustments for qualifying budget credits	-	-	27,162	27,162
Total Expenditures	<u>23,488,531</u>	<u>25,484,212</u>	<u>\$ 25,484,212</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 3,664,041	\$ 1,925,895	\$ 1,983,735	\$ [57,840]
Delinquent taxes	9,275	70,336	22,845	47,491
Motor vehicle taxes	287,069	325,651	267,337	58,314
Recreational vehicle taxes	3,691	3,745	3,481	264
Commercial vehicle taxes	4,294	7,365	4,412	2,953
Miscellaneous	148,820	152,983	191,471	[38,488]
State aid/grants	<u>3,070,060</u>	<u>4,114,254</u>	<u>4,228,539</u>	<u>[114,285]</u>
Total Receipts	<u>7,187,250</u>	<u>6,600,229</u>	<u>\$ 6,701,820</u>	<u>\$ [101,591]</u>
Expenditures				
Instruction	2,461,375	3,596,827	\$ 2,366,357	\$ [1,230,470]
Central services	-	-	30,000	30,000
Operations and maintenance	1,945,772	2,212,020	1,900,000	[312,020]
Other support services	21,128	2,749	-	[2,749]
Transfers out	2,200,000	1,112,426	2,820,000	1,707,574
Adjustments to comply with legal max	<u>-</u>	<u>-</u>	<u>[192,335]</u>	<u>[192,335]</u>
Total Expenditures	<u>6,628,275</u>	<u>6,924,022</u>	<u>\$ 6,924,022</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	558,975	[323,793]		
Unencumbered Cash, Beginning	<u>133,925</u>	<u>692,900</u>		
Unencumbered Cash, Ending	<u>\$ 692,900</u>	<u>\$ 369,107</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,603,393	\$ 1,862,207	\$ 1,735,134	\$ 127,073
Delinquent taxes	2,573	13,648	9,986	3,662
Motor vehicle taxes	34,862	148,139	124,973	23,166
Recreational vehicle taxes	372	1,741	1,627	114
Commercial vehicle taxes	1,488	3,262	2,063	1,199
Miscellaneous revenue	267,173	188,160	89,508	98,652
State aid	830,548	936,182	936,672	[490]
Total Receipts	<u>2,740,409</u>	<u>3,153,339</u>	<u>\$ 2,899,963</u>	<u>\$ 253,376</u>
Expenditures				
Instruction	853,099	32,648	\$ 1,250,000	\$ 1,217,352
Operations and maintenance	1,089,722	1,193,565	1,250,000	56,435
Facilities acquisition and construction	19,407	23,433	750,000	726,567
Total Expenditures	<u>1,962,228</u>	<u>1,249,646</u>	<u>\$ 3,250,000</u>	<u>\$ 2,000,354</u>
Receipts Over [Under] Expenditures	778,181	1,903,693		
Unencumbered Cash, Beginning	<u>395,159</u>	<u>1,173,340</u>		
Unencumbered Cash, Ending	<u>\$ 1,173,340</u>	<u>\$ 3,077,033</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services	\$ 31,784	\$ 50,651	\$ -	\$ 50,651
State aid	12,160	-	18,200	[18,200]
Total Receipts	<u>43,944</u>	<u>50,651</u>	<u>\$ 18,200</u>	<u>\$ 32,451</u>
Expenditures				
Instruction	36,407	24,749	\$ 53,000	\$ 28,251
Vehicle operating and maintenance	2,080	2,764	1,500	[1,264]
Total Expenditures	<u>38,487</u>	<u>27,513</u>	<u>\$ 54,500</u>	<u>\$ 26,987</u>
Receipts Over [Under] Expenditures	5,457	23,138		
Unencumbered Cash, Beginning	<u>53,107</u>	<u>58,564</u>		
Unencumbered Cash, Ending	<u>\$ 58,564</u>	<u>\$ 81,702</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 434,804	\$ 431,755	\$ 445,429	\$ [13,674]
State aid	14,538	15,122	12,120	3,002
Charges for services	965,128	1,050,005	1,132,056	[82,051]
Miscellaneous	18,402	18,001	25,000	[6,999]
Investment income	<u>5,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total Receipts	<u>1,437,872</u>	<u>1,534,883</u>	<u>\$ 1,634,605</u>	<u>\$ [99,722]</u>
Expenditures				
Operation and maintenance	17,998	20,299	\$ 28,100	\$ 7,801
Food service operation	<u>1,342,838</u>	<u>1,530,482</u>	<u>1,720,000</u>	<u>189,518</u>
Total Expenditures	<u>1,360,836</u>	<u>1,550,781</u>	<u>\$ 1,748,100</u>	<u>\$ 197,319</u>
Receipts Over [Under] Expenditures	77,036	[15,898]		
Unencumbered Cash, Beginning	<u>324,675</u>	<u>401,711</u>		
Unencumbered Cash, Ending	<u>\$ 401,711</u>	<u>\$ 385,813</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Parent Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 20,000	\$ 30,000	\$ 30,000	\$ -
Total Receipts	<u>20,000</u>	<u>30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>
Expenditures				
Student support services	23,700	28,500	\$ 40,000	\$ 11,500
Total Expenditures	<u>23,700</u>	<u>28,500</u>	<u>\$ 40,000</u>	<u>\$ 11,500</u>
Receipts Over [Under] Expenditures	[3,700]	1,500		
Unencumbered Cash, Beginning	<u>14,015</u>	<u>10,315</u>		
Unencumbered Cash, Ending	<u>\$ 10,315</u>	<u>\$ 11,815</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 597,665	\$ 596,222	\$ 600,000	\$ [3,778]
Reimbursements	129,906	120,598	-	120,598
Miscellaneous revenue	26,108	37,947	25,000	12,947
Investment income	132,839	223,085	-	223,085
Transfers in	<u>5,063,029</u>	<u>4,294,107</u>	<u>5,371,942</u>	<u>[1,077,835]</u>
Total Receipts	<u>5,949,547</u>	<u>5,271,959</u>	<u>\$ 5,996,942</u>	<u>\$ [724,983]</u>
Expenditures				
Instruction	4,101,375	4,663,138	\$ 4,664,500	\$ 1,362
Student support services	616,175	701,003	723,000	21,997
General administration	363,813	353,994	367,500	13,506
Transportation	<u>362,209</u>	<u>421,097</u>	<u>390,500</u>	<u>[30,597]</u>
Total Expenditures	<u>5,443,572</u>	<u>6,139,232</u>	<u>\$ 6,145,500</u>	<u>\$ 6,268</u>
Receipts Over [Under] Expenditures	505,975	[867,273]		
Unencumbered Cash, Beginning	<u>441,189</u>	<u>947,164</u>		
Unencumbered Cash, Ending	<u>\$ 947,164</u>	<u>\$ 79,891</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous revenue	\$ 5,747	\$ 18,657	\$ 12,000	\$ 6,657
Federal aid	4,447	-	-	-
State aid	-	1,764	4,060	[2,296]
Transfers in	<u>400,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Total Receipts	<u>410,194</u>	<u>470,421</u>	<u>\$ 466,060</u>	<u>\$ 4,361</u>
Expenditures				
Instruction	415,553	461,572	\$ 459,500	\$ [2,072]
Transportation	<u>5,488</u>	<u>-</u>	<u>12,500</u>	<u>12,500</u>
Total Expenditures	<u>421,041</u>	<u>461,572</u>	<u>\$ 472,000</u>	<u>\$ 10,428</u>
Receipts Over [Under] Expenditures	[10,847]	8,849		
Unencumbered Cash, Beginning	<u>18,963</u>	<u>8,116</u>		
Unencumbered Cash, Ending	<u>\$ 8,116</u>	<u>\$ 16,965</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Special Assessment Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 81	\$ -	\$ -	\$ -
Delinquent taxes	<u>185</u>	<u>4,569</u>	<u>-</u>	<u>4,569</u>
Total Receipts	<u>266</u>	<u>4,569</u>	<u>\$ -</u>	<u>\$ 4,569</u>
Expenditures				
Facilities acquisition	<u>184,675</u>	<u>182,891</u>	<u>\$ 750,000</u>	<u>\$ 567,109</u>
Total Expenditures	<u>184,675</u>	<u>182,891</u>	<u>\$ 750,000</u>	<u>\$ 567,109</u>
Receipts Over [Under] Expenditures	[184,409]	[178,322]		
Unencumbered Cash, Beginning	<u>1,002,226</u>	<u>817,817</u>		
Unencumbered Cash, Ending	<u>\$ 817,817</u>	<u>\$ 639,495</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
KPERs Special Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 2,389,454	\$ 1,404,988	\$ 4,096,719	\$ [2,691,731]
Total Receipts	<u>2,389,454</u>	<u>1,404,988</u>	<u>\$ 4,096,719</u>	<u>\$ [2,691,731]</u>
Expenditures				
Instruction	1,611,656	947,647	\$ 2,766,719	\$ 1,819,072
Student support services	111,641	65,645	210,000	144,355
Instructional support services	86,810	51,044	175,000	123,956
General administration	90,392	53,150	130,000	76,850
School administration	200,133	117,677	355,000	237,323
Other support services	92,991	54,678	140,000	85,322
Operations and maintenance	144,160	84,765	235,000	150,235
Food service	51,671	30,382	85,000	54,618
Total Expenditures	<u>2,389,454</u>	<u>1,404,988</u>	<u>\$ 4,096,719</u>	<u>\$ 2,691,731</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
 Professional Development Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 75,000	\$ 68,000	\$ 135,000	\$ [67,000]
State aid	<u>13,213</u>	<u>18,643</u>	<u>17,500</u>	<u>1,143</u>
Total Receipts	<u>88,213</u>	<u>86,643</u>	<u>\$ 152,500</u>	<u>\$ [65,857]</u>
Expenditures				
Instructional support services	68,382	93,771	\$ 149,000	\$ 55,229
Other support services	<u>5,220</u>	<u>7,357</u>	<u>-</u>	<u>[7,357]</u>
Total Expenditures	<u>73,602</u>	<u>101,128</u>	<u>\$ 149,000</u>	<u>\$ 47,872</u>
Receipts Over [Under] Expenditures	14,611	[14,485]		
Unencumbered Cash, Beginning	<u>1,678</u>	<u>16,289</u>		
Unencumbered Cash, Ending	<u>\$ 16,289</u>	<u>\$ 1,804</u>		

UNIFIED SCHOOL DISTRICT NO. 230
At Risk (4 Year Old) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 36,050	\$ 30,000	\$ 40,000	\$ [10,000]
Total Receipts	<u>36,050</u>	<u>30,000</u>	<u>\$ 40,000</u>	<u>\$ [10,000]</u>
Expenditures				
Instruction	<u>36,050</u>	<u>34,583</u>	<u>\$ 54,500</u>	<u>\$ 19,917</u>
Total Expenditures	<u>36,050</u>	<u>34,583</u>	<u>\$ 54,500</u>	<u>\$ 19,917</u>
Receipts Over [Under] Expenditures	-	[4,583]		
Unencumbered Cash, Beginning	<u>15,013</u>	<u>15,013</u>		
Unencumbered Cash, Ending	<u>\$ 15,013</u>	<u>\$ 10,430</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
At Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 1,080,000	\$ 1,150,000	\$ 1,150,000	\$ -
Total Receipts	<u>1,080,000</u>	<u>1,150,000</u>	<u>\$ 1,150,000</u>	<u>\$ -</u>
Expenditures				
Instruction	972,114	1,134,448	\$ 1,200,000	\$ 65,552
Other support services	5,464	3,144	5,000	1,856
Transportation	33,850	32,442	45,000	12,558
Total Expenditures	<u>1,011,428</u>	<u>1,170,034</u>	<u>\$ 1,250,000</u>	<u>\$ 79,966</u>
Receipts Over [Under] Expenditures	68,572	[20,034]		
Unencumbered Cash, Beginning	<u>47,394</u>	<u>115,966</u>		
Unencumbered Cash, Ending	<u>\$ 115,966</u>	<u>\$ 95,932</u>		

UNIFIED SCHOOL DISTRICT NO. 230
Bilingual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	<u>\$ 57,000</u>	<u>\$ 67,000</u>	<u>\$ 65,000</u>	<u>\$ 2,000</u>
Total Receipts	<u>57,000</u>	<u>67,000</u>	<u>\$ 65,000</u>	<u>\$ 2,000</u>
Expenditures				
Instruction	<u>53,781</u>	<u>69,102</u>	<u>\$ 69,500</u>	<u>\$ 398</u>
Total Expenditures	<u>53,781</u>	<u>69,102</u>	<u>\$ 69,500</u>	<u>\$ 398</u>
Receipts Over [Under] Expenditures	3,219	[2,102]		
Unencumbered Cash, Beginning	<u>2,625</u>	<u>5,844</u>		
Unencumbered Cash, Ending	<u>\$ 5,844</u>	<u>\$ 3,742</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Extraordinary Growth Facility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 2,160,050	\$ 1,781,014	\$ 1,834,854	\$ [53,840]
Delinquent taxes	10,728	36,688	13,388	23,300
Motor vehicle taxes	319,944	290,538	256,812	33,726
Recreational vehicle taxes	4,059	3,478	3,344	134
Commercial vehicle taxes	5,472	4,821	4,239	582
Miscellaneous	<u>87,163</u>	<u>122,008</u>	<u>183,932</u>	<u>[61,924]</u>
Total Receipts	<u>2,587,416</u>	<u>2,238,547</u>	<u>\$ 2,296,569</u>	<u>\$ [58,022]</u>
Expenditures				
State payment	<u>2,434,260</u>	<u>2,115,330</u>	<u>\$ 2,367,909</u>	<u>\$ 252,579</u>
Total Expenditures	<u>2,434,260</u>	<u>2,115,330</u>	<u>\$ 2,367,909</u>	<u>\$ 252,579</u>
Receipts Over [Under] Expenditures	153,156	123,217		
Unencumbered Cash, Beginning	<u>4,542</u>	<u>157,698</u>		
Unencumbered Cash, Ending	<u>\$ 157,698</u>	<u>\$ 280,915</u>		

UNIFIED SCHOOL DISTRICT NO. 230
Special Liability Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 3	\$ -	\$ -	\$ -
Delinquent taxes	<u>7</u>	<u>525</u>	<u>-</u>	<u>525</u>
Total Receipts	<u>10</u>	<u>525</u>	<u>\$ -</u>	<u>\$ 525</u>
Expenditures				
Instruction	21,301	24,319	\$ -	\$ [24,319]
General Administration	<u>-</u>	<u>-</u>	<u>145,000</u>	<u>145,000</u>
Total Expenditures	<u>21,301</u>	<u>24,319</u>	<u>\$ 145,000</u>	<u>\$ 120,681</u>
Receipts Over [Under] Expenditures	[21,291]	[23,794]		
Unencumbered Cash, Beginning	<u>173,015</u>	<u>151,724</u>		
Unencumbered Cash, Ending	<u>\$ 151,724</u>	<u>\$ 127,930</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
 Special Reserve Fund *
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Years Ended June 30, 2019 and 2018

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Reimbursements	\$ 124,926	\$ 2,960,918
Total Receipts	<u>124,926</u>	<u>2,960,918</u>
Expenditures		
Instruction	<u>-</u>	<u>3,151,600</u>
Total Expenditures	<u>-</u>	<u>3,151,600</u>
Receipts Over [Under] Expenditures	124,926	[190,682]
Unencumbered Cash, Beginning	<u>1,089,647</u>	<u>1,214,573</u>
Unencumbered Cash, Ending	<u>\$ 1,214,573</u>	<u>\$ 1,023,891</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 230
Federal Funds
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019

	<u>Title I</u>	<u>Title II</u>	<u>Actual</u>	<u>Budget</u>	Variance Over <u>[Under]</u>
Receipts					
Federal aid	\$ 117,728	\$ 31,560	\$ 149,288	\$ 163,604	\$ [14,316]
Total Receipts	<u>117,728</u>	<u>31,560</u>	<u>149,288</u>	<u>\$ 163,604</u>	<u>\$ [14,316]</u>
Expenditures					
Instruction	<u>117,728</u>	<u>31,560</u>	<u>149,288</u>	<u>\$ 163,604</u>	<u>\$ 14,316</u>
Total Expenditures	<u>117,728</u>	<u>31,560</u>	<u>149,288</u>	<u>\$ 163,604</u>	<u>\$ 14,316</u>
Receipts Over [Under] Expenditures	-	-	-		
Unencumbered Cash, Beginning	-	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Virtual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 4,902,918	\$ 5,747,340	\$ 5,300,000	\$ 447,340
Total Receipts	<u>4,902,918</u>	<u>5,747,340</u>	<u>\$ 5,300,000</u>	<u>\$ 447,340</u>
Expenditures				
Instruction	5,152,231	5,300,000	\$ 5,215,495	\$ [84,505]
Central services	10,181	-	12,000	12,000
Operations and maintenance	39,445	-	72,505	72,505
Total Expenditures	<u>5,201,857</u>	<u>5,300,000</u>	<u>\$ 5,300,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[298,939]	447,340		
Unencumbered Cash, Beginning	<u>298,939</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 447,340</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Textbook Rental Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2019 and 2018

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 227,847	\$ 253,513
Total Receipts	<u>227,847</u>	<u>253,513</u>
Expenditures		
Instruction	<u>288,256</u>	<u>247,895</u>
Total Expenditures	<u>288,256</u>	<u>247,895</u>
Receipts Over [Under] Expenditures	[60,409]	5,618
Unencumbered Cash, Beginning	<u>134,867</u>	<u>74,458</u>
Unencumbered Cash, Ending	<u>\$ 74,458</u>	<u>\$ 80,076</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 230
 Gifts and Grants Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2019
 (With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous revenue	<u>\$ 68,537</u>	<u>\$ 191,238</u>	<u>\$ 132,980</u>	<u>\$ 58,258</u>
Total Receipts	<u>68,537</u>	<u>191,238</u>	<u>\$ 132,980</u>	<u>\$ 58,258</u>
Expenditures				
Instruction	<u>64,613</u>	<u>212,089</u>	<u>\$ 170,000</u>	<u>\$ [42,089]</u>
Total Expenditures	<u>64,613</u>	<u>212,089</u>	<u>\$ 170,000</u>	<u>\$ [42,089]</u>
Receipts Over [Under] Expenditures	3,924	[20,851]		
Unencumbered Cash, Beginning	<u>79,517</u>	<u>83,441</u>		
Unencumbered Cash, Ending	<u>\$ 83,441</u>	<u>\$ 62,590</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Contingency Reserve Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2019 and 2018

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfers in	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Instruction	-	-
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	<u>500,419</u>	<u>500,419</u>
Unencumbered Cash, Ending	<u>\$ 500,419</u>	<u>\$ 500,419</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 230
Bond Construction Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2019 and 2018

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Prepaid interest	\$ -	\$ 173,305
Bond proceeds	-	72,000,000
Bond premium	-	<u>7,172,312</u>
Total Receipts	<u>-</u>	<u>79,345,617</u>
 Expenditures		
Capital outlay	-	<u>2,129,013</u>
Total Expenditures	<u>-</u>	<u>2,129,013</u>
 Receipts Over [Under] Expenditures	-	77,216,604
 Unencumbered Cash, Beginning	<u>975</u>	<u>975</u>
 Unencumbered Cash, Ending	<u>\$ 975</u>	<u>\$ 77,217,579</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 230
Bond Construction #2 Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2019 and 2018

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Prepaid interest	\$ 420,631	\$ 228,321
Total Receipts	<u>420,631</u>	<u>228,321</u>
Expenditures		
Capital outlay	40,662,566	22,396,227
Transfer out	<u>4,348,404</u>	<u>2,912,004</u>
Total Expenditures	<u>45,010,970</u>	<u>25,308,231</u>
Receipts Over [Under] Expenditures	[44,590,339]	[25,079,910]
Unencumbered Cash, Beginning	<u>80,446,691</u>	<u>35,856,352</u>
Unencumbered Cash, Ending	<u>\$ 35,856,352</u>	<u>\$ 10,776,442</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 230
Cost of Issuance Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2019 and 2018

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Bond premium	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
General administration	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	<u>2,070</u>	<u>2,070</u>
Unencumbered Cash, Ending	<u>\$ 2,070</u>	<u>\$ 2,070</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 230
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2019
(With Comparative Actual Amounts for the Year Ended June 30, 2018)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,403,773	\$ 4,611,814	\$ 4,309,230	\$ 302,584
Delinquent taxes	17,543	74,710	8,524	66,186
Motor vehicle taxes	447,020	410,892	382,186	28,706
Recreational vehicle taxes	5,532	5,020	4,977	43
Commercial vehicle tax	9,403	4,174	6,307	[2,133]
Miscellaneous	57,773	271,775	273,727	[1,952]
State aid/grants	4,599,836	4,098,167	4,122,971	[24,804]
Transfer in	4,348,404	2,912,004	-	2,912,004
Bond proceeds	-	2,135,000	-	2,135,000
Total Receipts	<u>10,889,284</u>	<u>14,523,556</u>	<u>\$ 9,107,922</u>	<u>\$ 5,415,634</u>
Expenditures				
Interest	7,535,593	6,179,724	\$ 6,209,404	\$ 29,680
Principal	3,530,000	3,855,000	3,855,000	-
Issuance costs	-	135,000	-	[135,000]
Refunded principal	-	2,000,000	-	[2,000,000]
Adjustment for qualifying budget credit	-	-	2,135,000	2,135,000
Total Expenditures	<u>11,065,593</u>	<u>12,169,724</u>	<u>\$ 12,199,404</u>	<u>\$ 29,680</u>
Receipts Over [Under] Expenditures	[176,309]	2,353,832		
Unencumbered Cash, Beginning	<u>8,657,598</u>	<u>8,481,289</u>		
Unencumbered Cash, Ending	<u>\$ 8,481,289</u>	<u>\$ 10,835,121</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2019

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Prairie Creek Elementary School				
Music choral	\$ 145	\$ 620	\$ 638	\$ 127
Student council	2,500	693	1,000	2,193
Library	668	23,264	22,433	1,499
Student needs	413	-	-	413
Art fees	106	57	163	-
Interest	1,418	15	-	1,433
Watch Dogs	[80]	96	-	16
Interstate photography	3,000	1,363	-	4,363
Fundraising	[4,932]	10,503	4,458	1,113
Donations	91	-	21	70
Teachers Fund	-	615	307	308
Petty cash	[253]	4,990	5,182	[445]
Total Prairie Creek Elementary Activity Funds	<u>3,076</u>	<u>42,216</u>	<u>34,202</u>	<u>11,090</u>
Timber Sage Elementary School				
Music choral	-	183	183	-
Library	-	8,884	8,868	16
Field trip	-	3,663	3,661	2
Rebates	-	2,588	2,081	507
Watch Dogs	-	377	377	-
Teachers Fund	-	1,331	1,186	145
Petty cash	-	2,466	2,466	-
Total Timber Sage Elementary Activity Funds	<u>-</u>	<u>19,492</u>	<u>18,822</u>	<u>670</u>
Spring Hill Elementary School				
Music	104	-	-	104
Student council	2,787	3,277	3,380	2,684
Teachers' fund	257	553	554	256
Library	32	-	32	-
Counseling programs	82	-	-	82
Art	124	-	-	124
Science	2	-	-	2
Math	34	-	26	8
Field trip	752	-	-	752
Interest	118	14	1	131
Rebates	[184]	5,866	5,355	327
Watch Dogs	30	-	-	30
Wellness	144	-	-	144
Interstate photography	2,954	2,118	3,422	1,650
Pop machine	615	2,786	2,826	575
Taxes	172	327	54	445
Petty cash	1,509	375	1,884	-
Total Spring Hill Elementary Activity Funds	<u>9,532</u>	<u>32,850</u>	<u>24,848</u>	<u>7,314</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2019

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Wolf Creek Elementary School				
Student council	\$ 525	\$ 1,600	\$ 1,564	\$ 561
5th Grade	10	1,108	1,059	59
Teachers' fund	1,058	1,390	910	1,538
Library	-	500	200	300
New Teachers	20	-	-	20
Reading	133	-	-	133
Field trip	918	8,474	8,738	654
Interest	48	9	15	42
Rebates	763	2,215	1,817	1,161
Watch Dogs	37	802	784	55
Student Wellness	996	-	-	996
Ray Hill	6	-	6	-
Character key	185	-	-	185
Pop	1,204	969	1,455	718
Community Service	74	-	-	74
Digital Night	15	-	-	15
Safety	4,018	-	1,664	2,354
Taxes	4	-	-	4
Petty cash	-	4,624	4,624	-
Total Wolf Creek Elementary Activity Funds	<u>10,014</u>	<u>21,691</u>	<u>22,836</u>	<u>8,869</u>
Spring Hill Middle School				
Music	[550]	6,306	5,756	-
Drama	5,876	2,808	2,240	6,444
Band	178	343	377	144
Orchestra	[2]	411	320	89
Stuco	18,328	3,669	8,675	13,322
8th Grade	623	7,414	6,936	1,101
7th Grade	1,370	4,320	4,675	1,015
6th Grade	1,105	5,490	6,348	247
Teachers fund	[166]	1,740	531	1,043
Library	5,981	-	1,049	4,932
CPR	673	-	-	673
Career day activities	1,006	-	-	1,006
Taxes	[320]	4,876	4,407	149
Family and consumer science	2,361	1,254	1,196	2,419
Shop	831	-	-	831
Robotics	50	-	-	50
Cheerleaders	2,012	6,117	7,244	885
Art	507	183	10	680
Miscellaneous	4,727	2,591	1,410	5,908
Pep club	964	-	964	-
Total Spring Hill Middle Activity Funds	<u>45,554</u>	<u>47,522</u>	<u>52,138</u>	<u>40,938</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2019

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Spring Hill High School				
Music	\$ 1,295	\$ 2,430	\$ 2,821	\$ 904
Stuco	3,169	18,053	16,121	5,101
Band	-	1,550	970	580
SADD	4,269	290	455	4,104
Sp prom	5,564	4,190	2,554	7,200
Scholastic competition	588	1,193	958	823
Student activity	933	-	-	933
Volunteer	792	3	692	103
National Honor Society	95	898	848	145
Debate/forensics	2,622	1,810	1,539	2,893
Orchestra	1,086	5,954	6,596	444
Orchestra Activity	9,656	23,141	30,291	2,506
Theatre	740	13,704	10,484	3,960
Theatre Activity	669	17,533	16,702	1,500
Student Publications	-	18,738	10,439	8,299
Seniors	2,086	2,409	2,314	2,181
Juniors	2,103	10,770	8,642	4,231
Sophomores	6,138	4,832	6,158	4,812
Freshman	2,870	2,642	2,945	2,567
Teachers fund	11	1,480	1,098	393
Library	1,124	48	213	959
School Development	3,265	-	-	3,265
Misc/St. activities	3,686	10,188	9,139	4,735
Youth services	34	-	-	34
Uniform/Equipment	-	19,951	19,951	-
Career Development	1,504	3,051	2,171	2,384
Field Maintenance	555	-	-	555
Entry fees	-	5,875	5,875	-
Art	1,140	5,292	3,351	3,081
FCCLA	977	2,172	1,554	1,595
Foreign language	4	-	-	4
Business club	569	-	-	569
Science club	1,014	-	-	1,014
Spring Hill FFA	353	28,019	27,229	1,143
FFA Horticulture	5,642	3,404	3,523	5,523
Robotics	6	1,115	646	475
Stable store	909	1,242	1,535	616
Sr Class Water Fountain Project	2,014	-	-	2,014
Spirit club	3,080	2,150	1,138	4,092
Color Guard	645	1,596	1,146	1,095
Cheerleaders	1,405	22,227	21,703	1,929
Drill team	3,086	25,906	28,024	968
Athletic passes	239	1,210	265	1,184
Taxes	35	7,752	7,752	35
Total Spring Hill High School Activity Funds	<u>75,972</u>	<u>272,818</u>	<u>257,842</u>	<u>90,948</u>
District FSA Account	5,203	2,710	-	7,913
District Petty Cash	1,500	-	1,500	-
Total Agency Funds	<u>\$ 150,851</u>	<u>\$ 439,299</u>	<u>\$ 412,188</u>	<u>\$ 167,742</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
 District Activities - Gate Receipts and School Project Funds
 Schedule of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2019

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<u>Gate Receipts:</u>							
Spring Hill Middle School	\$ 32,432	\$ -	\$ 26,176	\$ 21,270	\$ 37,338	\$ -	\$ 37,338
Spring Hill High School	<u>57,795</u>	<u>-</u>	<u>208,767</u>	<u>199,652</u>	<u>66,910</u>	<u>-</u>	<u>66,910</u>
Total Gate Receipts	<u>90,227</u>	<u>-</u>	<u>234,943</u>	<u>220,922</u>	<u>104,248</u>	<u>-</u>	<u>104,248</u>
<u>School Projects:</u>							
Prairie Creek Elementary School							
Yearbook	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Total Prairie Creek Elementary School	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Wolf Creek Elementary School							
Yearbook	<u>2,252</u>	<u>-</u>	<u>274</u>	<u>-</u>	<u>2,526</u>	<u>-</u>	<u>2,526</u>
Total Wolf Creek Elementary School	<u>2,252</u>	<u>-</u>	<u>274</u>	<u>-</u>	<u>2,526</u>	<u>-</u>	<u>2,526</u>
Spring Hill Elementary School							
Yearbook	<u>3,070</u>	<u>-</u>	<u>2,504</u>	<u>1,539</u>	<u>4,035</u>	<u>-</u>	<u>4,035</u>
Total Spring Hill Elementary School	<u>3,070</u>	<u>-</u>	<u>2,504</u>	<u>1,539</u>	<u>4,035</u>	<u>-</u>	<u>4,035</u>
Timber Sage Elementary School							
Yearbook	<u>-</u>	<u>-</u>	<u>994</u>	<u>211</u>	<u>783</u>	<u>-</u>	<u>783</u>
Total Timber Sag Elementary School	<u>-</u>	<u>-</u>	<u>994</u>	<u>211</u>	<u>783</u>	<u>-</u>	<u>783</u>
Spring Hill Middle School							
Yearbook	<u>4,084</u>	<u>-</u>	<u>28,786</u>	<u>32,469</u>	<u>401</u>	<u>-</u>	<u>401</u>
Concessions	<u>16,146</u>	<u>-</u>	<u>16,530</u>	<u>25,289</u>	<u>7,387</u>	<u>-</u>	<u>7,387</u>
Total Spring Hill Middle School	<u>20,230</u>	<u>-</u>	<u>45,316</u>	<u>57,758</u>	<u>7,788</u>	<u>-</u>	<u>7,788</u>
Spring Hill High School							
Concessions	<u>6,876</u>	<u>-</u>	<u>31,721</u>	<u>32,353</u>	<u>6,244</u>	<u>-</u>	<u>6,244</u>
Total Spring Hill High School	<u>6,876</u>	<u>-</u>	<u>31,721</u>	<u>32,353</u>	<u>6,244</u>	<u>-</u>	<u>6,244</u>
Total School Projects	<u>34,228</u>	<u>-</u>	<u>80,809</u>	<u>91,861</u>	<u>23,176</u>	<u>-</u>	<u>23,176</u>
Total District Activity Funds	<u>\$ 124,455</u>	<u>\$ -</u>	<u>\$ 315,752</u>	<u>\$ 312,783</u>	<u>\$ 127,424</u>	<u>\$ -</u>	<u>\$ 127,424</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Restated Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Education</u>					
Passed Through State Department of Education:					
Special Education (IDEA) Cluster					
Special Education Grants to States	84.027	\$ -	\$ 581,909	\$ 581,909	\$ -
Special Education - Preschool Grants	84.173	-	<u>14,313</u>	<u>14,313</u>	-
Total Special Education (IDEA) Cluster			596,222	596,222	
Title I Grants to Local Educational Agencies	84.010	-	117,728	117,728	-
Career and Technical Education	84.048	-	12,158	12,158	-
Improving Teacher Quality State Grants	84.367	-	31,613	31,613	-
Title IVA	84.424	-	15,018	15,018	-
Hurricane Education Recovery	84.938	-	<u>13,500</u>	<u>13,500</u>	-
Total U.S. Department of Education			<u>786,239</u>	<u>786,239</u>	
<u>U.S. Department of Health and Human Services</u>					
Passed Through State Department of Education:					
Youth Risk Behavior	93.079	-	<u>157</u>	<u>157</u>	-
Total U.S. Department of Health and Human Services			<u>157</u>	<u>157</u>	
<u>U.S. Department of Agriculture</u>					
Passed Through State Department of Education:					
Child Nutrition Cluster					
School Breakfast Program	10.553	-	56,956	56,956	-
National School Lunch Program	10.555	-	372,636	372,636	-
Special Milk Program for Children	10.556	-	<u>2,163</u>	<u>2,163</u>	-
Total Child Nutrition Cluster			<u>431,755</u>	<u>431,755</u>	
State Administrative Expenses for Child Nutrition	10.560	-	<u>100</u>	<u>100</u>	-
Total U.S. Department of Agriculture			<u>431,855</u>	<u>431,855</u>	
Total Expenditures of Federal Awards			<u>\$ 1,218,251</u>	<u>\$ 1,218,251</u>	

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 230
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

1. General

Unified School District No. 230, Spring Hill, Kansas, (the District), is the recipient of several federal awards. All federal awards that are received directly from federal agencies, as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2019.

5. Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2019.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 230
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

	Unmodified - Regulatory Basis Adverse - GAAP
Type of auditor's report issued:	
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	_____ Yes <u> X </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No
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UNIFIED SCHOOL DISTRICT NO. 230
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2019

Section II – Financial Statement Findings

Current Year Findings

None Noted

Prior Year Findings

Finding 2018-1

Condition – During the audit, we noted that bank reconciliations were not prepared timely for the District’s main bank account. We also noted that bank reconciliations were not completed for activity fund accounts at two schools.

Criteria – Internal controls are designed to safeguard assets and help prevent or detect losses from employee error or dishonesty. Bank reconciliations are a vital component to the District’s internal control structure.

Cause – The District’s internal controls structure is not properly implemented.

Effect – Controls are not in effect to safeguard assets and help prevent or detect losses from employee error or dishonesty.

Recommendations – We recommend that bank reconciliations be completed before the end of the following monthly. We also recommend that an individual independent of the reconciliation process review and approve the bank reconciliations and supporting reconciling documentation before the end of the following month.

Status – Resolved

Section III – Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

Finding 2018-2

Condition – During our review of federal programs, we noted that the District has not adopted a procurement policy in compliance with Uniform Guidance requirements.

Criteria – The District’s procurement policy should be updated to reflect new policy requirements mandated by the Uniform Guidance.

Cause – The District did not update its procurement policy as required by the Uniform Guidance.

Effect – The District could violate federal grant guidelines by not having a federally required procurement policy.

Questioned Costs – Not determined.

Perspective Information - The updating of the policy appears to be a management oversight and an isolated incident.

Recommendations – We recommend that the District adopt a new procurement policy that meets the guidelines required by the Uniform Guidance.

Status – Resolved



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Board of Education
Unified School District No. 230
Spring Hill, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting, the financial statements of the Unified School District No. 230, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS
November 25, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Education
Unified School District No. 230
Spring Hill, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Unified School District No. 230, (the District) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Kansas Municipal Audit and Accounting Guide. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

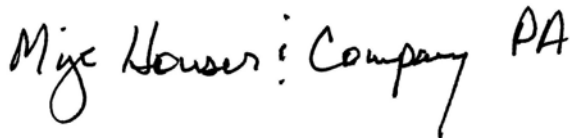
Report on Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive, slightly slanted style.

Certified Public Accountants

Lawrence, KS
November 25, 2019

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 and the Escrow Trust Agreement. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing documents.

THE BOND RESOLUTION

DEFINITIONS

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

“**Act**” means the Constitution and statutes of the State of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq.*, and K.S.A. 10-620 *et seq.*, as amended and supplemented.

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

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

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

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

“**Bond Payment Date**” means any date on which principal of or interest on any Bond is payable, and with regards to the Escrow Trust Agreement, means any date on which any principal of, or interest on, any of the Refunded Bonds is due and payable.

“**Bond Purchase Agreement**” means the Bond Purchase Agreement between the Issuer and the Purchaser and relating to the Series 2020 Bonds.

“**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**” or “**Bond**” means the Taxable General Obligation Refunding Bonds, Series 2020, 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 or Assistant Clerk or Acting Clerk of the Issuer.

“**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, 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 the Issue Date.

“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) 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 Issuer’s Continuing Disclosure Undertaking dated as of the Issue Date relating to certain obligations contained in the SEC Rule.

“District” means Unified School District No. 230, Johnson/Miami County, Kansas (Spring Hill).

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

“Escrow Agent” means Security Bank of Kansas City, Kansas City, Kansas, and its successors and assigns.

“Escrow Agreement” means the Escrow Trust Agreement, dated as of the Issue Date, between the Issuer and the Escrow Agent.

“Escrow Fund” means the fund by that name referred to in the Bond Resolution.

“Escrowed Securities” means the direct, noncallable obligations of the United States of America, and any Substitute Escrowed Securities, as described in the Escrow Agreement.

“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.

“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.

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

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Bond which shall be March 1 and September 1 of each year, commencing September 1, 2020.

“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.

“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; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

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

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

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

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

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

“President” means the duly elected and acting President 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.

“Refunded Bonds” means, collectively, (a) the Series 2011-A Bonds maturing in the year 2029, in the aggregate principal amount of \$1,500,000; (b) the Series 2016 Bonds maturing in the years 2029 and 2030, in the aggregate principal amount of \$4,075,000; (c) the Series 2016-B Bonds maturing in the years 2029 to 2031, in the aggregate principal amount of \$7,340,000; and (d) the Series 2018-A Bonds maturing in the years 2030, 2031, and 2034 to 2039, in the aggregate principal amount of \$43,980,000.

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

“Refunded Bonds Redemption Date” means, collectively, (a) September 1, 2021 for the Series 2011-A Bonds, (b) September 1, 2026 for the Series 2016 Bonds and the Series 2016-B Bonds, and (c) September 1, 2027 for the Series 2018-A Bonds.

“Refunded Bonds Resolution” means each resolution which authorized the Refunded Bonds.

“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.

“**Series 2011-A Bonds**” means the Issuer’s General Obligation Bonds, Series 2011-A, dated August 1, 2011.

“**Series 2011-A Principal and Interest Account**” means the Principal and Interest Account for the Series 2011-A Bonds.

“**Series 2016 Bonds**” means the Issuer’s General Obligation Refunding Bonds, Series 2016, dated May 10, 2016.

“**Series 2016 Principal and Interest Account**” means the Principal and Interest Account for the Series 2016 Bonds.

“**Series 2016-B Bonds**” means the Issuer’s General Obligation Improvement Bonds, Series 2016-B, dated October 27, 2016.

“**Series 2016-B Principal and Interest Account**” means the Principal and Interest Account for the Series 2016-B Bonds.

“**Series 2018-A Bonds**” means the Issuer’s General Obligation Bonds, Series 2018-A, dated December 18, 2018.

“**Series 2018-A Principal and Interest Account**” means the Principal and Interest Account for the Series 2018-A Bonds.

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

“**Standard & Poor’s**” or “**S&P**” 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.

“**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 Escrowed Securities**” means securities that satisfy the requirement of Defeasance Obligations as set forth in the Refunded Bonds Resolution, which have been acquired by the Escrow Agent and substituted for Escrowed Securities in accordance with the Escrow Agreement.

[“**20__ Term Bonds**” means the Bonds scheduled to mature in the year 20__.

“**20__ Term Bonds**” means the Bonds scheduled to mature in the year 20__.

“**Term Bonds**” means collectively the 20__ Term Bonds and the 20__ Term Bonds.]

“**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.

“Verification Report” means the verification report relating to the Bonds and the Refunded Bonds as referenced in the Escrow Agreement.

**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) Debt Service Account (within the Bond and Interest Fund).

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

In addition to the Funds and Accounts described above, the Escrow Agreement establishes the following Funds and Accounts to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement:

- (a) Escrow Fund.
- (b) Costs of Issuance Account.

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) Any excess proceeds received from the sale of the Bonds shall be deposited in the Series 2011-A Principal and Interest Account, the Series 2016 Principal and Interest Account, the Series 2016-B Principal and Interest Account, or the Series 2018-A Principal and Interest Account and applied to payment of principal on such series of bonds that are not Refunded Bonds.

(b) An amount necessary to pay the Costs of Issuance shall be transferred to the Escrow Agent for deposit into the Costs of Issuance Account and applied in accordance with the Escrow Agreement.

(c) The remaining balance of the proceeds derived from the sale of the Bonds shall be transferred to the Escrow Agent for deposit in the Escrow Fund and applied in accordance with the Escrow Agreement.

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 Escrow Agent 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 Issuer for deposit into the Debt Service Account.

Application of Moneys in the Escrow Fund. Under the Escrow Agreement, the Escrow Agent will apply moneys in the Escrow Fund to purchase the Escrowed Securities and to establish an initial cash balance in accordance with the Escrow

Agreement. The cash and Escrowed Securities held in the Escrow Fund will be applied by the Escrow Agent solely in the manner authorized by the Escrow Agreement.

Verification of Certified Public Accountant. Prior to or concurrently with the issuance and delivery of the Bonds and the creation of the Escrow Fund, the Issuer shall obtain a Verification Report from an independent certified public accountant that such accountant has verified the accuracy of the calculations that demonstrate that the money and obligations required to be deposited with the Escrow Agent pursuant to the Bond Resolution and the Escrow Agreement, together with the earnings to accrue thereon, will be sufficient for the timely payment of the principal of and redemption premium, if any, on the Refunded Bonds and a portion of the interest on the Bonds to the respective Refunded Bonds Redemption Date in accordance with the Escrow Agreement.

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

DEFAULT AND REMEDIES

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

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

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

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

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

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

DEFEASANCE

When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Resolution and all other rights granted thereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the

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

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. 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. 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.

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

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

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

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, to grant to or confer upon the Owners any

additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

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

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

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

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

THE ESCROW TRUST AGREEMENT

Creation of the Escrow Fund. The Escrow Trust Agreement creates and establishes with the Escrow Agent the Escrow Fund, which shall be a special and irrevocable separate trust fund to be held in the custody of the Escrow Agent.

Creation of Lien. The Escrow Fund shall be irrevocable. The owners of the Bonds and the Refunded Bonds are granted an express lien on, and security interest in, the Escrowed Securities and the cash in the Escrow Fund and all earnings thereon until used and applied in accordance with the Escrow Trust Agreement. The matured principal of, and earnings on, the Escrowed Securities and any cash in the Escrow Fund are pledged and assigned, and shall be applied solely for the payment of the principal of and redemption premium, if any of the Refunded Bonds and to a portion of the interest on the Bonds to and including the respective Refunded Bonds Redemption Date.

Deposits to the Escrow Fund. Concurrently with the execution and delivery of the issuance of the Bonds, and pursuant to the provisions of the Bond Resolution, the Issuer shall deposit with the Escrow Agent, and the Escrow Agent acknowledges receipt and deposit into the Escrow Fund of, proceeds of the Bonds in amounts sufficient to purchase the Escrowed Securities, which shall be delivered to and deposited in the Escrow Fund, and establish any required beginning cash balance in the Escrow Fund sufficient to provide for payment of the Refunded Bonds.

Verification Report. A firm of independent certified public accountants has verified the mathematical computations which demonstrate that the cash held in the Escrow Fund, together with the maturing Escrowed Securities and interest to accrue thereon, will be sufficient to pay all principal of and redemption premium, if any, on the Refunded Bonds on the respective Bond Payment Dates and the Refunded Bonds Redemption Date and a portion of the interest on the Bonds on the respective Bond Payment Dates to and including the respective Refunded Bonds Redemption Date.

Application of Cash and Escrowed Securities in the Escrow Fund. Except as otherwise expressly provided, the Escrow Agent shall have no power or duty to invest any money held thereunder or to sell transfer or otherwise dispose of any Escrowed Securities. On or prior to each Bond Payment Date and on the Refunded Bonds Redemption Date, the Escrow Agent shall withdraw from the Escrow Fund an amount equal to such portion of the interest on the Bonds becoming due and payable from the Escrow Fund on such Bond Payment Date and on the Refunded Bonds Redemption Date, and on the Refunded Bonds Redemption Date an amount equal to the principal of and premium, if any, due on such Refunded Bonds Redemption Date, and shall forward from available moneys in the Escrow Fund such amount to the offices of the respective Refunded Bonds Paying Agent, so that immediately available funds will reach the office of the Refunded Bonds Paying Agent on or before the Bond Payment Dates and the Refunded Bonds Redemption Date. In order to make the required payments, the Escrow Agent is authorized to redeem or otherwise dispose of Escrowed Securities. Upon the payment in full of the principal of, redemption premium, if any, and interest on the Refunded Bonds, all remaining money and Escrowed Securities in the Escrow Fund, together with any interest thereon, shall be transferred to the Issuer to be applied in accordance with State law.

Substitute Escrowed Securities. In the event that any of the Escrowed Securities are not available for delivery on the date of the issuance of the Bonds, the Escrow Agent is directed to accept substitute securities in lieu thereof, provided the substitute securities are non-callable direct obligations of the United States of America, the maturing principal of and interest on such substitute securities (excluding any interest after any optional call date) is equal to or greater than the maturity value of such unavailable Escrowed Securities, principal of and interest on the substitute securities is payable on or before the maturity date of the unavailable Escrowed Securities, and the Issuer and Bond Counsel approve such substitution.

At the written request of the Issuer and upon compliance with the conditions hereinafter stated, the Escrow Agent shall have the power to sell, transfer, request the redemption of or otherwise dispose of the Escrowed Securities and to substitute for the Escrowed Securities solely cash or Substitute Escrowed Securities. The Escrow Agent shall purchase such Substitute Escrowed Securities with the proceeds derived from the sale, transfer, disposition or redemption of the Escrowed Securities together with any other funds available for such purpose. The substitution may be effected only if the substitution of the Substitute Escrowed Securities for the original Escrowed Securities occurs simultaneously; the Escrow Agent shall receive from an independent certified public accountant acceptable to the Escrow Agent in its reasonable judgment a certification, satisfactory in form and substance to the Escrow Agent, to the effect that after such substitution, the principal of and interest on the Escrowed Securities to be held in the Escrow Fund after the substitution (including Substitute Escrowed Securities to be acquired), together with any other money to be held in the Escrow Fund after such transaction, will be sufficient to pay all remaining principal of, redemption premium, if any, and interest on the Refunded Bonds and the portion of the interest on the Bonds required herein and the amounts and dates of the anticipated transfers from the Escrow Fund to the Refunded Bonds Paying Agent will not be diminished or postponed thereby; and the Escrow Agent shall receive a written opinion of Bond Counsel to the effect that such substitution would not cause the interest on either the Bonds or the Refunded Bonds to become included in gross income for purposes of federal income taxation under then existing law.

Redemption of Refunded Bonds. The Escrow Agent acknowledges that the Issuer has notified the Escrow Agent that the Issuer has elected to call the Refunded Bonds for redemption and payment prior to maturity on the Refunded Bonds Redemption Date and has directed the Escrow Agent to notify the Refunded Bonds Paying Agent of such call for redemption so that the Refunded Bonds Paying Agent may cause notice of the call for redemption and payment of the Refunded Bonds to be given.

Reports of the Escrow Agent. As long as any of the Refunded Bonds, together with the interest thereon, have not been paid in full, the Escrow Agent shall, at least sixty (60) days prior to each Bond Payment Date and the Refunded Bonds Redemption Date, determine the amount of money which will be available in the Escrow Fund to pay the portion of the interest due on the Bonds payable from the Escrow Fund on each Bond Payment Date and the principal of the Refunded Bonds due on the Refunded Bonds Redemption Date. In the event that funds are not sufficient to make the required payments on such Bond Payment Date or Refunded Bonds Redemption Date, the Escrow Agent shall certify in writing to the Issuer (a) the amount so determined and (b) a list of the moneys and Escrowed Securities held by the Escrow Agent in the Escrow Fund on the date of such certification, including all moneys held by it which were received as interest or profit from Escrowed Securities.

Resignation or Removal of Escrow Agent; Successor Escrow Agent. The Escrow Agent may at any time resign and be discharged from its duties and responsibilities by giving written notice by first-class mail to the Issuer and the Refunded Bonds Paying Agent (who shall cause notice to be given to the Owners of the Bonds and the Refunded Bonds) not less than 60 days prior to the date when the resignation is to take effect. Such resignation shall take effect immediately upon the acceptance of the Issuer of the resignation, the appointment of a successor Escrow Agent (which may be a temporary Escrow Agent) by the Issuer, the acceptance of such successor Escrow Agent of the terms, covenants and conditions of the Escrow Trust Agreement, the transfer of the Escrow Fund, including the money and Escrowed Securities held therein, to such successor Escrow Agent and the completion of any other actions required for the principal of and interest on the Escrowed Securities to be made payable to such successor Escrow Agent rather than the resigning Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and the Issuer and signed by the owners of a majority in principal amount of the Refunded Bonds then Outstanding; provided that written notice thereof is mailed on or before the date of such removal by first-class mail, postage prepaid, to all Owners of such Bonds and Refunded Bonds, who are not parties to such instruments. The Escrow Agent may also be removed by the Issuer if the Escrow Agent fails to make timely payment of available moneys on any Bond Payment Date to the Refunded Bonds Paying Agent of the amounts required to be paid by it on such Bond Payment Date; provided that written notice thereof is mailed on or before the date of such removal by first-class mail, postage prepaid, to the Refunded Bonds Paying Agent and to all Owners of such Refunded Bonds, who are not parties to such instruments. Any removal shall become effective upon the appointment of a successor Escrow Agent (which may be a temporary successor Escrow Agent) by the Issuer, the acceptance of such successor Escrow Agent of the terms, covenants and conditions of the Escrow Trust Agreement, the transfer of the Escrow Fund, including the money and Escrowed Securities held therein, to such successor Escrow Agent and the completion of any other actions required for the principal of and interest on the Escrowed

Securities to be made payable to such successor Escrow Agent rather than the Escrow Agent being removed.

If no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by the Issuer within 60 days after written notice of resignation of the Escrow Agent has been given to the Issuer or instrument of removal has been delivered to the Escrow Agent, the Owner of any of the Refunded Bonds or any retiring or removed Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent. No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers authorized to do business in the State, and organized under the banking laws of the United States or the State and shall have at the time of appointment capital and surplus of not less than \$10,000,000.

Amendments. The Escrow Agreement is made for the benefit of the Issuer and the Owners from time to time of the Bonds and Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such Owners, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such Owners, enter into such agreements supplemental to the Escrow Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of the Escrow Agreement, for any one or more of the following purposes: (a) to cure any ambiguity or formal defect or omission; (b) to grant to, or confer upon, the Escrow Agent for the benefit of the Owners of the Bonds or Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such Owners or the Escrow Agent; and (c) to subject to the Escrow Agreement additional funds, securities or properties. The Escrow Agent shall notify the Rating Agency in writing prior to the execution of any such amendment.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING
DATED AS OF MARCH 30, 2020

BY

**UNIFIED SCHHOOOL DISTRICT NO. 230,
JOHNSON/MIAMI COUNTY, KANSAS (SPRING HILL)**

\$63,460,000*

TAXABLE GENERAL OBLIGATION REFUNDING BONDS
SERIES 2020

**Preliminary, subject to change*

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of March 30, 2020 (the “Continuing Disclosure Undertaking”), is executed and delivered by **UNIFIED SCHOOL DISTRICT NO. 230, JOHNSON/MIAMI COUNTY, KANSAS (SPRING HILL)** (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 Taxable General Obligation Refunding Bonds, Series 2020 (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.

“**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.

“**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 180 days after the end of the Issuer’s Fiscal Year, commencing with the year ending June 30, 2020, 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, prepared on a modified accrual basis of accounting other than GAAP which demonstrates compliance with the State’s “cash-basis” and “budget” laws. A more detailed explanation of the accounting basis 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*.

(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. 230,
JOHNSON/MIAMI COUNTY, KANSAS
(SPRING HILL)**

(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:

“FINANCIAL INFORMATION”

Assessed Valuation
Aggregate Tax Levies
Tax Collection Record
Major Taxpayers

“DEBT STRUCTURE”

Debt Summary
Current Indebtedness of the Issuer
General Obligation Debt Service Requirements
Overlapping and Underlying Indebtedness