

## OFFICIAL STATEMENT

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

**BAM INSURED RATING: S&P "AA"  
UNDERLYING RATING: MOODY'S: "A2"**

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

**\$5,670,000  
UNIFIED SCHOOL DISTRICT NO. 107  
JEWELL COUNTY, KANSAS (ROCK HILLS)  
GENERAL OBLIGATION BONDS  
SERIES 2026**

**Dated: Date of Delivery**

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

The General Obligation Bonds, Series 2026 (the "Bonds") will be issued by Unified School District No. 107, Jewell County, Kansas (Rock Hills) (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 2029. Semiannual interest on the Bonds will be payable on March 1 and September 1, beginning on March 1, 2027 (the "Interest Payment Dates"). Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as paying agent and bond registrar (the "Paying Agent" and "Bond Registrar"). Interest payable on each Bond shall be paid to the persons who are the registered owners of the Bonds as of the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding each interest payment date by check or draft of the Paying Agent mailed to such registered owner or, in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

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

The Bonds maturing on September 1, 2034 and thereafter will be subject to redemption prior to maturity at the option of the Issuer on September 1, 2033 and any date thereafter, in whole or in part, at the redemption price of par, plus accrued interest to the date of redemption as more fully described herein. The Term Bonds are also subject to mandatory redemption as described herein. See "THE BONDS-Redemption Provisions" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 25, 2026.

*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 June 8, 2026

**\$5,670,000**  
**UNIFIED SCHOOL DISTRICT NO. 107**  
**JEWELL COUNTY, KANSAS (ROCK HILLS)**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2026**

**MATURITY SCHEDULE**

**Dated: Date of Delivery**

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

**SERIAL BONDS**

<b><u>Stated Maturity</u></b> <b><u>September 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP</u></b> <sup>(1)</sup>
2029	\$125,000	7.25%	2.76%	477259AA3
2030	130,000	7.25%	2.82%	477259AB1
2031	140,000	7.25%	2.88%	477259AC9
2032	150,000	7.25%	2.95%	477259AD7
2033	155,000	7.25%	3.03%	477259AE5
2034	165,000	7.25%	3.13%	477259AF2
2035	175,000	7.25%	3.17%	477259AG0
2036	185,000	7.25%	3.25%	477259AH8
2037	195,000	7.25%	3.35%	477259AJ4
2038	210,000	5.50%	3.45%	477259AK1
2039	220,000	4.00%	3.65%	477259AL9
2040	230,000	4.00%	3.75%	477259AM7
2041	245,000	4.00%	3.80%	477259AN5
2042	260,000	4.00%	3.85%	477259AP0
2043	275,000	4.00%	3.90%	477259AQ8
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2046	320,000	4.00%	4.05%	477259AT2
2047	340,000	4.00%	4.10%	477259AU9
2048	360,000	4.125%	4.15%	477259AV7
2049	375,000	4.125%	4.20%	477259AW5
2050	400,000	4.25%	4.25%	477259AX3
2051	420,000	4.25%	4.30%	477259AY1

**TERM BONDS**

<b><u>Stated Maturity</u></b> <b><u>September 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP</u></b> <sup>(1)</sup>
2045	\$595,000	4.00%	4.00%	477259AS4

(All plus accrued interest, if any)

<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Issuer, the Borrower, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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

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

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

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

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**UNIFIED SCHOOL DISTRICT NO. 107  
JEWELL COUNTY, KANSAS (ROCK HILLS)**

109 E. Main Street  
Mankato, Kansas 66956  
(785) 378-3102

**BOARD OF EDUCATION**

Marc Grout, President and Board Member  
Bobi Fogo, Vice-President and Board Member  
Justin Angleton, Board Member  
Natalie Frost, Board Member  
Brandon Hollerich, Board Member  
Kenny Mizner, Board Member  
Brenden Wirth, Board Member

**ADMINISTRATIVE OFFICERS**

**SUPERINTENDENT**

Jeff Sells

**BOARD CLERK**

Janet Higer

**FINANCIAL ADVISOR**

Piper Sandler & Co.  
Leawood, Kansas

**BOND COUNSEL**

Gilmore & Bell, P.C.  
Wichita, Kansas

**CERTIFIED PUBLIC ACCOUNTANT**

Mapes & Miller LLP, CPAs  
Phillipsburg, Kansas

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

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# OFFICIAL STATEMENT

**\$5,670,000**  
**UNIFIED SCHOOL DISTRICT NO. 107**  
**JEWELL COUNTY, KANSAS (ROCK HILLS)**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2026**

## INTRODUCTION

### General Matters

The purpose of this Official Statement is to furnish information relating to Unified School District No. 107, Jewell County, Kansas (Rock Hills) (the “Issuer” or the “District”), and the General Obligation Bonds, Series 2026 (the “Bonds”) of the District, dated as of June 25, 2026 (the “Dated Date”), to be issued in the principal amount of \$5,670,000.

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

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

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

### Definitions

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

### Continuing Disclosure

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. In connection with the issuance of the Bonds, the Issuer will enter into a continuing disclosure undertaking (the “Disclosure Undertaking”) wherein the Issuer covenants to provide annually 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 Municipal Securities Rulemaking Board. Pursuant to the Disclosure Undertaking, the Issuer has agreed to file its Annual Report with the national repository (“EMMA”) not later than 360 days after the end of the Issuer’s Fiscal Year, commencing with the year ending June 30, 2026. 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.

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

### Additional Information

Additional information regarding the District or the Bonds may be obtained from the District at the address set forth in the preface to this Official Statement, or from the Financial Advisor, Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas 66211 (913) 345-3300.

## **THE BONDS**

### **Authority for the Bonds**

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including K.S.A. 10-101 *et seq.*, K.S.A. 10-620 *et seq.*, K.S.A. 25-2018(f), and K.S.A. 72-5457, all as amended and supplemented from time to time (collectively, the "Act") and a resolution adopted by the governing body of the District (the "Bond Resolution").

### **Security for the Bonds**

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

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

The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law. Such taxes shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer, shall thereafter be transferred to the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

### **Description of the Bonds**

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

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

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

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

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

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

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by

such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Owner wishes to have such transfer directed.

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

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

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

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

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

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

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

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

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

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Bond Registrar

shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

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

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

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

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

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

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

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

### **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, 2034 and thereafter may be called for redemption and payment prior to their Stated Maturity on September 1, 2033, 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.** The 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 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$290,000	2044
305,000	2045*

\*Final Maturity

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

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

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

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

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its

Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

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

## **THE DEPOSITORY TRUST COMPANY**

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

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

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

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

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

11. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

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

## **THE PROJECT**

On March 3, 2026, the voters in the District approved the issuance of general obligation bonds in an amount not to exceed \$5,670,000, to pay the costs to: (a) construct, furnish, and equip improvements and renovations to the Junior/Senior High School facilities, including HVAC improvements; (b) make all other necessary improvements appurtenant thereto (the "Project"); and (c) pay costs of issuance and interest on the Bonds during construction of the Project. The Bonds are being issued to fund the costs of the Project.

## SOURCES AND USES OF FUNDS

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

<b>Sources of Funds:</b>	
Principal Amount of the Bonds	\$5,670,000.00
Net Original Issue Premium	<u>358,128.05</u>
<b>Total</b>	<b><u>\$6,028,128.05</u></b>
<b>Uses of Funds:</b>	
Deposit to Improvement Fund	\$5,750,345.00
Deposit to Costs of Issuance Account	133,205.00
Deposit to Compliance Account	13,250.00
Underwriter's Discount including Bond Insurance	<u>131,328.05</u>
<b>Total</b>	<b><u>\$6,028,128.05</u></b>

## RISK FACTORS AND INVESTMENT CONSIDERATIONS

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

### Legal Matters

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

### Limitations on Remedies Available to Owners of Bonds

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

### Debt Service Source

The Bonds are general obligations of the Issuer payable as to both principal and interest, if necessary, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. In 2026, the Kansas legislature passed a bill that, among other things, would have restricted the ability of taxing subdivisions, including the Issuer, to levy unlimited ad valorem taxes to pay the debt service requirements on general obligation debt. Although the bill was vetoed by the Governor and did not become law, the Issuer cannot predict whether similar bills will be introduced in the future or what effect such bills may have on the Issuer's general obligation debt. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation. See "APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections."

## State Aid

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

## Kansas Public Employees Retirement System

As described in “*APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans*,” the Issuer participates in the Kansas Public Employees Retirement System (“KPERs”), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERs administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Public Employees Retirement System – State/School Group (the “Plan”). Under existing law, employees make contributions and the State makes all employer contributions to the Plan; the Issuer is not responsible for supplemental contributions or any unfunded accrued actuarial liability (“UAAL”). According to KPERs’ Valuation Reports, KPERs had an aggregate UAAL of approximately \$8.290 billion in calendar year 2023 and approximately \$8.516 billion in calendar year 2024, of which approximately \$6.200 billion (2023) and approximately \$6.342 billion (2024) was attributable to the State/School Group. No assurance can be given by the Issuer that future legislative action may require Issuer contributions to the Plan or mandated Issuer responsibility for a portion of the UAAL.

## Taxation of Interest on the Bonds

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

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

## Market for the Bonds

**Bond Rating.** The Bonds have been assigned the financial rating set forth in the section hereof entitled “BOND RATING.” There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Bonds.

**Secondary Market.** There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

## **Bond Insurance and Ratings of the Bond Insurer**

If the Issuer fails to make payment of the principal of and interest on the Bonds when the same become due, any Owner of Bonds will have recourse against the Bond Insurer for such payments. The Bond Insurance Policy does not, however, insure payment of the principal of or interest on the Bonds coming due by reason of acceleration or redemption (other than mandatory sinking fund redemption), nor does it insure the payment of any redemption premium payable upon the redemption of the Bonds. Under no circumstances, including the situation in which interest on the Bonds becomes subject to federal taxation for any reason, can the maturities of the Bonds be accelerated except with the consent of the Bond Insurer. Furthermore, so long as the Bond Insurer performs its obligations under the Bond Insurance Policy, the Bond Insurer may direct, and its consent must be obtained before the exercise of, any remedies to be undertaken under the Bond Resolution. If the Bond Insurer is unable to make payments of principal and interest on the Bonds as those payments become due, the Bonds are payable solely from sources pledged by the Issuer pursuant to the Bond Resolution. See "BOND INSURANCE" for further information concerning the Bond Insurer, the Bond Insurance Policy and any financial ratings assigned to bonds insured by the Bond Insurer.

A rating downgrade of the Bond Insurer by any rating agency may result in a rating downgrade of the Bonds. A rating downgrade of the Bonds could lower the price of the Bonds in the secondary market, and could affect the liquidity for the Bonds in the secondary market. Prospective purchasers of the Bonds are urged to check the websites of the rating agencies and the public announcements by the Bond Insurer for any future developments relating to the ratings of the Bond Insurer and the Bonds.

## **Premium on Bonds**

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

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

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

## **Suitability of Investment**

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

## **Potential Impacts Resulting from Epidemics or Pandemics**

The Issuer's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics, such as the Coronavirus (COVID-19) pandemic. The Issuer cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the local, State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the Issuer, including but not limited to the payment of debt service on any of its outstanding debt obligations.

## **Cybersecurity Risks**

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

## **Natural Disasters or Terrorist Attacks**

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

## **BOND INSURANCE**

### **BOND INSURANCE POLICY**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

### **BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: [www.bambonds.com](http://www.bambonds.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$493.3 million, \$277.6 million and \$215.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at [www.bambonds.com](http://www.bambonds.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

## **BOND RATING**

Moody's Investors Service has assigned an underlying rating of "A2" to the Bonds. S&P Global Ratings has assigned an insured rating of "AA" to the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by the Bond Insurer. Such ratings reflect only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any bonds, including the Bonds, or as to the market price or suitability thereof for a particular investor. The Issuer furnished such rating agency with certain information and materials relating to the Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds.

## **ABSENCE OF LITIGATION**

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

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

## LEGAL MATTERS

### Approval of Bonds

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

## TAX MATTERS

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

### Opinion of Bond Counsel

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

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

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

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

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

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds.

### Other Tax Consequences

***Original Issue Discount.*** For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

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

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

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

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

Bond Counsel notes that the interest on the Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

## FINANCIAL ADVISOR

Piper Sandler & Co., Leawood, Kansas has acted as a financial advisor to the Issuer in connection with the sale of the Bonds. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Bonds. The fees of the Financial Advisor are contingent upon the issuance of the Bonds. The Financial Advisor will not submit a bid for the sale of the Bonds pursuant to Municipal Securities Rulemaking Board Rule G-23.

## **UNDERWRITING**

The Bonds have been sold at public sale by the Issuer to Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the "Underwriter") on the basis of lowest true interest cost. Five bids were received by the Issuer. The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price equal to the principal amount of the Bonds, plus a net premium of \$358,128.05, less an underwriting discount of \$103,428.05.

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

## **AUTHORIZATION OF OFFICIAL STATEMENT**

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

**UNIFIED SCHOOL DISTRICT NO. 107  
JEWELL COUNTY, KANSAS (ROCK HILLS)**

# APPENDIX A

## INFORMATION CONCERNING THE ISSUER

### GENERAL

#### Size and Location

Unified School District No. 107, Jewell County, Kansas (Rock Hills) (the "Issuer" or the "District") encompasses 755 square miles and is located in North Central Kansas in Jewell County. The District has a current estimated population of 2,647 and is headquartered in Mankato, Kansas.

#### Government and Organization of the District

The District was formed as part of the Kansas School Unification Program. The District is governed by a seven-member Board of Education and is elected to four-year terms. Six members of the Board are elected from sub-districts and one member at-large. Elections are held biannually to alternately elect three Board members and four Board members.

#### District Facilities

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

<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
340	399	374	374	361	353

Source: Kansas State Department of Education and The District

#### Higher Educational Facilities

Fort Hays Tech North Central is located in Beloit, Kansas approximately 30 miles south of the District. Cloud County Community College, located in Concordia, Kansas is approximately 50 miles from the District. Kansas State University, located in Manhattan, Kansas is approximately 120 miles from the District. The University of Kansas, located in Lawrence Kansas and Wichita State University, located in Wichita, Kansas, are both approximately 200 miles from the District.

#### Municipal Services and Utilities

Kansas Gas Service supplies natural gas and The City of Mankato supplies electricity to residents of the District. Telephone service is provided by Cunningham Fiber. The City of Mankato contracts with Jewell County to provide police protection and has a number of volunteer firefighters which provide continuous full-time protection to residents of the District. Jewell County operates an emergency ambulance service within Mankato and the surrounding area.

#### Transportation and Communication Facilities

The District is served by US Highway 36. Two motor freight lines serve the District. Rail service is provided by The Kyle Railroad. Mankato Airport is located within the District and provides a runway capable of handling private and corporate aircraft. Regularly scheduled air service is available at Salina Regional Airport, located 90 miles from the District.

#### Medical and Health Facilities

Hospitals located in the area include the 25-bed Jewell County Hospital, which includes the Jewell County Rural Health Clinic. Major medical service is available in Beloit, Kansas, located within 30 miles of the District.

## ECONOMIC INFORMATION

### Labor Force

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

#### JEWELL COUNTY, KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2020	1,227	1,189	38	3.1%
2021	1,210	1,180	30	2.5%
2022	1,175	1,143	32	2.7%
2023	1,136	1,101	35	3.1%
2024	1,218	1,169	49	4.0%

#### STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2020	1,501,633	1,414,277	87,356	5.8%
2021	1,499,635	1,448,835	50,800	3.4%
2022	1,507,842	1,466,588	41,254	2.7%
2023	1,524,404	1,480,579	43,825	2.9%
2024	1,545,790	1,490,553	55,237	3.6%

*Source:* Kansas Department of Labor

### Retail Sales Tax Collections

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

<u>Year</u>	<u>Sales Tax Collections</u>	<u>Per Capita Sales Tax</u>
2020	\$1,800,026	\$569.76
2021	1,878,497	633.06
2022	2,085,613	666.70
2023	2,146,179	746.51
2024	1,881,225	736.61

The State sales and use tax is 6.50%, effective July 1, 2015. For sales of food and food ingredients, beginning January 1, 2023, the State sales and use tax rate was reduced to 4%, beginning January 1, 2024, such rate was reduced to 2%, and beginning January 1, 2025, such rate was reduced to 0%. During such times, the State sales and use tax rate on non-food and non-food ingredients sales remained at 6.50%.

*Source:* Kansas Statistical Abstract

### Financial and Banking Institutions

There are currently 3 banks located in Jewell County. For the years listed, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u>
2021	\$102,488,000
2022	104,335,000
2023	107,691,000
2024	102,833,000
2025	106,292,000

*Source:* FDIC

## Population

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

<u>Year</u>	<u>Jewell County Population</u>
1990	4,251
2000	3,791
2010	3,077
2020	2,932
2024	2,899

The median age of persons in Jewell County and the State of Kansas is 49.9 and 37.4 respectively, per the 2020 census.

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

## Personal Income

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

<u>Year</u>	<u>Jewell County Personal Income</u>	<u>Jewell County Per Capita Personal Income</u>	<u>State of Kansas Per Capita Personal Income</u>
2020	\$166,221,000	\$56,750	\$55,231
2021	182,967,000	62,086	59,209
2022	152,352,000	52,427	61,875
2023	199,292,000	68,698	63,513
2024	182,486,000	62,948	65,856

*Source:* Bureau of Economic Analysis

## FINANCIAL INFORMATION

### Accounting, Budgeting and Auditing Procedures

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

The District's fiscal year is mandated to run from July 1 to June 30. An annual budget for the coming eighteen months is required to be prepared by the District, for all funds not exempt from the budget requirement. A computation of estimated receipts and disbursements is prepared and presented to the governing body of the District prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the District prior to August 25 of each year.

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

The Revenue Neutral Tax Act provides that by June 15 of every year (or by July 1 for tax year 2024), each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must notify the county clerk by July 20 of the taxing

subdivision's intent to exceed the revenue neutral rate and provide to the county clerk the date, time and location of the related public hearing and the taxing subdivision's proposed tax rate. The county clerk is required to provide notice of such intent to exceed the revenue neutral rate to each taxpayer with property in the taxing subdivision at least 10 days in advance of the public hearing. The notice must include the following information: (1) the heading "NOTICE OF PROPOSED PROPERTY TAX INCREASE AND PUBLIC HEARINGS"; (2) a statement that the notice contains estimates of the property tax and proposed property tax increases, actual taxes may increase or decrease from the estimates provided, the governing body will vote at a public hearing to exceed the revenue neutral rate, taxpayers may attend and comment at the hearing, and property tax statements will be issued after mill rates are finalized and taxes are calculated; (3) the appraised value and assessed value of the taxpayer's property for the current year and the previous year; (4) the amount of property tax of the taxing subdivision on the taxpayer's property from the previous year's tax statement; (5) the estimated amount of property tax for the current year of the taxing subdivision on the taxpayer's property based on the revenue neutral rate of the taxing subdivision; (6) the estimated amount of property tax for the current year of the taxing subdivision on the taxpayer's property based on the proposed tax rate provided by the taxing subdivision; (7) the difference between the amount of the current year's maximum tax and the previous year's tax, reflected in dollars and a percentage, for the taxing subdivision; (8) the date, time and location of the public hearing of the taxing subdivision; and (9) the difference between the current year's maximum tax and the estimated amount of property tax based on the revenue neutral rate of the taxing subdivision.

The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the county clerk's notices to the taxpayer will be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by governing body approval of a resolution or ordinance, and thereafter the taxing subdivisions will adopt the budget by majority vote of its governing body. The amount of tax to be levied and the adopted budget must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate. However, if a taxing subdivision does not comply with the notice and hearing requirements of the Revenue Neutral Tax Act because it did not intend to exceed its revenue neutral rate, but the final assessed valuation of such taxing subdivision used to calculate the actual levy is less than the estimated assessed valuation used to calculate the revenue neutral rate, such taxing subdivision is permitted to levy a tax rate that generates the same amount of property tax revenue as levied the prior year or less. Additionally, in the event that the tax levied by the District pursuant to K.S.A. 72-5142, and amendments thereto, increases the property tax revenue generated for the purpose of calculating the revenue neutral rate from the previous tax year, and the increase in revenue generated from such tax levied is the only reason that the District would exceed the total property tax revenue from the prior year, the District shall be deemed to not have exceeded the revenue neutral rate in levying a tax rate in excess of the revenue neutral rate.

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

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

The financial records of the District are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Mapes & Miller LLP, CPAs, Phillipsburg, 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, 2025 are attached hereto as *Appendix B*.

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

## Property Valuations

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

Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Section 501 of the Internal Revenue Code, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 20%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

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

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

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

## Assessed Valuation

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

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicles</u>	<u>Total Valuation</u>
2021	\$54,624,217	\$1,041,373	\$4,499,251	\$3,626,313	\$63,791,154
2022	55,840,712	1,756,523	4,423,300	3,560,372	65,580,907
2023	55,707,437	2,520,845	4,539,965	3,634,063	66,402,310
2024	52,913,402	2,487,571	4,755,728	3,820,769	63,977,470
2025	51,660,722	2,569,771	4,774,278	3,719,171	62,723,942

*Source:* County Clerk

## Estimated Actual Valuation

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

<u>Year</u>	<u>Estimated Actual Valuation</u>
2021	\$398,694,713
2022	409,880,669
2023	415,014,438
2024	399,859,188
2025	392,024,638

## 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 subsequent years (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 32.30% of its TFA which is expected to generate approximately \$1,400,000 of revenues pursuant to the 2025-2026 budget.

**Capital Outlay Funds.** The Plan authorizes any district to initiate a capital outlay levy in an amount not to exceed 8 mills upon all taxable tangible property within the district. Prior to instituting a capital outlay levy, the district’s governing body must adopt a resolution declaring an intent to institute the levy, and the resolution must be published and is subject to protest petition. Funds generated by a district’s capital outlay levy may be expended for certain capital improvements,

equipment and expenses provided by the Plan. A district may also issue general obligation capital outlay bonds, in an amount determined by formula, that are expected to be repaid from funds derived from the capital outlay levy. The District has a current capital outlay levy of 8.000 mills, which generates approximately \$800,000 of revenues annually.

Any district that levies a capital outlay levy is eligible to receive moneys from the school district capital outlay state aid fund based on a state aid percentage factor determined on a formula inversely related to the AVPP as compared to the median AVPP of all districts in the State.

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

The District's entitlement to State aid from the CIF each year is determined by applying the state aid percentage factors to the bond and interest fund payment obligation for that year. It is anticipated that the CIF will pay approximately 0% of the District's debt service on the bonds for the school year 2025-2026 which were authorized by voters prior to July 1, 2015; 0% of the District's debt service on bonds for the school year 2025-2026 which were authorized by voters after July 1, 2015 and 0% of the District's debt service on bonds for the school year 2025-2026 which were authorized by voters after July 1, 2022. No assurance can be given that State CIF assistance will continue in future years. However, the District is obligated to levy unlimited ad valorem taxes to provide for debt service payments on its outstanding general obligation bonds, regardless of any State CIF aid.

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

*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.

Most recently, the KSEEA was subject to litigation as to whether it complied with the State constitution. In 2019, the Kansas Legislature passed House Substitute for Senate Bill 16 (“SB 16”) amending the KSEEA. In June 2019, the Kansas Supreme Court (the “Court”) 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 until February 2024, when the Court granted the State's motion to release its jurisdiction.

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

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

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

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

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

***Tax Rates:***

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

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

<u>Year</u>	<u>General</u>	<u>Supplemental General</u>	<u>Capital Outlay</u>	<u>Total Mill Levy</u>
2021/22	20.000	15.999	4.998	40.997
2022/23	20.000	17.107	7.962	45.069
2023/24	20.000	20.235	8.000	48.235
2024/25	20.000	21.626	7.993	49.619
2025/26	20.000	21.707	7.996	49.703

**Source:** County Clerk

***Aggregate Tax Levies:***

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

<u>Year</u>	<u>City of Mankato</u>	<u>Jewell County</u>	<u>School District</u>	<u>State</u>
2021/22	71.129	90.413	40.997	1.50
2022/23	66.192	91.149	45.069	1.50
2023/24	70.197	91.330	48.235	1.50
2024/25	66.738	97.856	49.619	1.50
2025/26	58.956	101.529	49.703	1.50

**Source:** County Clerk

***Tax Collection Record:***

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

<u>Assessment Year</u>	<u>Collection Year</u>	<u>Total Taxes Levied</u>	<u>Current &amp; Delinquent Tax Collections</u>	<u>Percent of Levy Collected</u>
2021	2022	\$2,411,778.41	\$2,467,177.12	102.30%
2022	2023	2,698,702.92	2,739,345.86	101.51%
2023	2024	2,929,602.65	2,967,747.61	101.30%
2024	2025	2,836,658.61	2,922,332.34	103.02%
2025	2026*	2,769,354.73	2,278,143.52	82.26%

*\*Partial collections through April 21, 2026*

**Source:** County Treasurer

**Major Taxpayers:**

The following table sets forth the ten largest taxpayers in the District for taxes levied in 2025:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Due</u>
BNSF	\$1,762,292	\$283,374.78
RANDALL FARMERS	785,703	170,371.69
ROLLING HILLS ELEC	1,037,776	166,469.75
SOUTHERN STAR CENTRAL	672,169	108,709.60
KANSAS GAS SERVICE	503,173	101,726.02
INDIVIDUAL	398,629	98,310.24
PRAIRIE LAND ELEC	537,620	95,684.86
1877 LAND COMPANY	426,038	68,444.64
MIDWAY CO-OP	348,887	64,708.36
INDIVIDUAL	350,762	57,145.68

**Source:** 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, 2024, KPERs serves approximately 346,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERs administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen’s Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for approximately 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

(a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.

(b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

KPERs is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan’s qualified status dated October 14, 1999 and March 5, 2001. KPERs is also a “contributory” defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The Issuer’s employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERs Tier 1 members (covered employment prior to July 1, 2009), KPERs Tier 2 members (covered employment on or after July 1, 2009), or KPERs Tier 3 members (covered employment on or after January 1, 2015).

In 2004, 2015 and 2021, the Kansas Development Finance Authority, on behalf of the State, issued pension obligation bonds and contributed the proceeds thereof to KPERs to assist with improving the status of the unfunded actuarial pension liability. In 2022 the Legislature provided for additional contributions totaling \$1.125 billion in four payments to be deposited into the KPERs trust fund for the School Group. For more information about the Legislature’s actions related to KPERs, please see the 2023 Valuation Report referenced below.

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 11.68% of the employee's gross salary for the period beginning July 1, 2025, through June 30, 2026, and is projected to change to 11.32% of the employee's gross salary for the period beginning July 1, 2026, through June 30, 2027. 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, 2024 (the "2024 Valuation Report") the KPERS School Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$4.974 billion at the end of 2024. The amount of the UAAL in 2024 changed from the previous year's amount due to the factors discussed in the 2024 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 2024 Valuation Report is available on the KPERS website at [www.kpers.gov/about/reports](http://www.kpers.gov/about/reports). The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2024 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 2024 Valuation Report sets the employer contribution rate for the period beginning July 1, 2027, for the KPERS School Group, and KPERS' actuaries identified that an employer contribution rate of 11.52% of covered payroll would be necessary, together with statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial periods set forth in the 2024 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 11.41%. As a result, members of the School Group are underfunding their projected actuarial liabilities and the UAAL can be expected to grow over time. KPERS' actuaries project the required employer contribution rate to increase by an amount not exceeding the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter, until such time as the permitted rate equals the actuarial rate.

## DEBT STRUCTURE

### Debt Summary

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

Assessed Valuation.....	\$62,723,942
Estimated Actual Valuation.....	\$392,024,638
Outstanding General Obligation Bonds <sup>(1)</sup> .....	\$5,670,000
Overlapping Debt .....	\$2,189,132
Direct debt per capita (population 2,647).....	\$2,142.05
Direct and overlapping debt per capita.....	\$2,969.07
Direct debt as a percentage of Assessed Valuation .....	9.04%
Direct & overlapping debt as a percentage of Assessed Valuation .....	12.53%
Direct debt as a percentage of Estimated Actual Valuation .....	1.45%
Direct & overlapping debt as a percentage of Estimated Actual Valuation .....	2.00%

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

### Current Indebtedness of the Issuer

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

#### GENERAL OBLIGATION BONDS

<u>Category of Indebtedness</u>	<u>Series</u>	<u>Dated Date</u>	<u>Final Maturity</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
General Obligation Bonds <sup>(1)</sup>	2026	6/25/2026	9/1/2051	\$5,670,000	<u>\$5,670,000</u>
				Total	<u>\$5,670,000</u>

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

### History of General Obligation Indebtedness

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

**Overlapping and Underlying Indebtedness**

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

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to Issuer</u>	<u>Amount Applicable to Issuer</u>
City of Mankato	\$4,642,945	\$2,189,132	100.00%	\$2,189,132
Jewell County	72,248,100	\$-0-	81.67%	<u>\$-0-</u>
			Total	<u>\$2,189,132</u>

**Future Indebtedness**

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

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*APPENDIX B*

**FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
(FOR THE FISCAL YEAR ENDED JUNE 30, 2025)**

UNIFIED SCHOOL DISTRICT NO. 107

Mankato, Kansas

FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2025

MAPES & MILLER  
Certified Public Accountants  
Phillipsburg, Kansas

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas  
June 30, 2025

Jeff Sells - Superintendent

Janet Higer - Clerk

Nicole Luedke - Treasurer

BOARD MEMBERS

Marc Grout – President

Bobi Fogo– Vice President

Brandon Hollerich

Wayne Frost

Brenden Wirth

Kenny Mizner

Justin Angelton

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

For the Year Ended June 30, 2025

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# MAPES & MILLER LLP

## CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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### INDEPENDENT AUDITOR'S REPORT

Board of Education  
Unified School District No. 107  
Mankato, Kansas 66956

#### Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 107, Mankato, Kansas, a Municipality, as of and for the year ended June 30, 2025, and the related notes to the financial statement.

##### *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 and Unmodified Opinions section of our report, the accompanying 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 Unified School District No. 107, Mankato, Kansas as of June 30, 2025, or changes in financial position and cash flows thereof for the year then ended.

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

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 107, Mankato, Kansas as of June 30, 2025, 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.

#### Basis for Adverse and Unmodified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Unified School District No. 107, Mankato, Kansas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

##### *Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As discussed in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 107, Mankato, 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 reasonable determinable, are presumed to be material.

***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the presentation 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified School District No. 107, Mankato, Kansas ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 Unified School District No. 107, Mankato, Kansas internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified School District No. 107, Mankato, Kansas ability to continue as a going concern for a reasonable period of time.

Board of Education  
Unified School District No. 107  
February 16, 2026  
Page Three

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary Information***

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

Respectfully submitted,  
*Mapes & Miller LLP*  
Certified Public Accountants

Phillipsburg, Kansas  
February 16, 2026

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Statement 1

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH  
REGULATORY BASIS  
For The Year Ended June 30, 2025

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds							
General Fund	\$ -	\$ -	\$ 4,167,264	\$ 4,167,264	\$ -	\$ 188,899	\$ 188,899
Supplemental General Fund	77,675	-	1,371,068	1,321,325	127,418	65,042	192,460
Special Purpose Funds							
Preschool-Aged At Risk Fund	117,991	-	126,380	108,402	135,969	12,080	148,049
At Risk Fund (K-12)	150,845	-	725,051	830,540	45,356	96,124	141,480
Bilingual Education Fund	637	-	-	-	637	-	637
Capital Outlay Fund	2,278,900	149,159	933,338	959,455	2,401,942	230,656	2,632,598
Driver Training Fund	10,868	-	6,028	8,211	8,685	280	8,965
Food Service Fund	73,892	-	301,408	316,093	59,207	591	59,798
Professional Development Fund	51,576	-	13,917	16,197	49,296	-	49,296
Summer School Fund	20,422	-	-	2,137	18,285	-	18,285
Special Education Fund	278,368	-	885,165	829,813	333,720	11,384	345,104
Career & Postsecondary Education Fund	176,182	-	169,491	151,849	193,824	23,114	216,938
Gifts & Grants Fund	365	-	19,957	16,260	4,062	1,558	5,620
KPERs Special Retirement Contribution Fund	-	-	337,228	337,228	-	-	-
Contingency Reserve Fund	568,518	-	-	-	568,518	-	568,518
Textbook & Student Material Revolving Fund	109,788	1,477	7,571	72,968	45,868	-	45,868
District Activity Funds	25,130	-	107,526	115,311	17,345	-	17,345
Federal Funds	(229,739)	600	439,081	249,428	(39,486) *	17,287	(22,199)
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 3,711,418</u>	<u>\$ 151,236</u>	<u>\$ 9,610,473</u>	<u>\$ 9,502,481</u>	<u>\$ 3,970,646</u>	<u>\$ 647,015</u>	<u>\$ 4,617,661</u>

\* See Note 3 Cash Basis Exception

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

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Statement 1  
(Cont.)

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
REGULATORY BASIS  
For The Year Ended June 30, 2025

COMPOSITION OF CASH

Cash on Hand	\$	30
Central National Bank		
Checking		250
Guaranty State Bank		
Certificate of Deposit		1,500,000
State Exchange Bank		
NOW Account		3,174,139
Checking Account		<u>1,300</u>
Total Cash		4,675,719
Agency Funds per Schedule 3		<u>(58,058)</u>
Total Reporting Entity (Excluding Agency Funds)	\$	<u><u>4,617,661</u></u>

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

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

NOTES TO THE FINANCIAL STATEMENT  
June 30, 2025

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. FINANCIAL REPORTING ENTITY**

Unified School District No. 107, Mankato, Kansas is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Unified School District No. 107, a Municipality.

**B. REGULATORY BASIS FUND TYPES**

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities for the District for the year ended June 30, 2025.

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

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

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

**C. REGULATORY BASIS OF ACCOUNTING AND DEPARTURE FROM ACCOUNTING  
PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

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

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

## D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute), Bond and Interest Funds, and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

If the District is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20<sup>th</sup> and no later than September 20<sup>th</sup>, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1<sup>st</sup> but may not be adopted prior to the revenue neutral rate hearing. The District held a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for Capital Projects Funds, Trust Funds, and the following Special Purpose Funds:

Gifts & Grants Fund  
Contingency Reserve Fund  
Textbook & Student Material Revolving Fund  
District Activity Funds  
Federal Funds

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

## 2. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

### Compliance With Kansas Statutes

- A. Budget Violation – The District was not in compliance with the budget laws as required by K.S.A. 79-2935, for the year ending June 30, 2025. The expenditures in the Drivers Training Fund exceeded the budget.
- B. Cash Basis Violation – K.S.A. 10-1113 requires each fund to comply with the cash basis law of Kansas. That is, no commitments or indebtedness should be incurred unless there is available cash in the fund. The Activity funds (Industrial Arts and Class of 2030) were in violation of K.S.A. 10-1113 in January 2025 and June 2025 by expensing more than the available cash.
- C. The District is not aware of any other non-compliance with Kansas statutes.

## 3. CASH BASIS EXCEPTION

Kansas municipalities are subject to the cash basis law as stated in Kansas Statute 10-1113. The federal funds have a negative unencumbered cash balance at June 30, 2025. K.S.A. 12-1663 provides an exception for a cash basis law violation for intergovernmental grant funds to expend monies for grant purposes with the expectation of monies to be reimbursed under conditions of the grant award. These funds will be reimbursed in the following fiscal year from federal grant programs as follows:

<u>Federal Fund</u>	<u>Unencumbered Cash</u>	<u>Grant Award Available for Drawdown</u>
Title I	(21,600)	21,600
Title II A	(8,862)	8,862
Title IVA	(9,024)	9,024

## 4. DEPOSITS AND INVESTMENTS

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

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of 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.

**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. All deposits were legally secured on June 30, 2025.

At June 30, 2025, the District’s carrying amount of deposits was \$4,675,689 and the bank balance was \$4,841,916. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance \$500,754 was covered by federal depository insurance, and the remaining \$4,341,162 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.

**5. INTERFUND TRANSFERS**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	At Risk Fund (K-12)	K.S.A. 72-5167	472,188
General Fund	Capital Outlay Fund	K.S.A. 72-5167	140,622
General Fund	Special Education Fund	K.S.A. 72-5167	674,977
Supplemental General Fund	Preschool-Aged At Risk Fund	K.S.A. 72-5143	126,380
Supplemental General Fund	At Risk Fund (K-12)	K.S.A. 72-5143	252,863
Supplemental General Fund	Food Service Fund	K.S.A. 72-5143	40,000
Supplemental General Fund	Professional Development Fund	K.S.A. 72-5143	11,500
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	210,188
Supplemental General Fund	Career & Postsecondary Education Fund	K.S.A. 72-5143	156,000
Supplemental General Fund	Textbook & Student Material Revolving Fund	K.S.A. 72-5143	7,571

**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 Annual Comprehensive Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 S 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 13.38% and 12.57%, respectively, for the fiscal year ended June 30, 2024. The actuarially determined employer contribution rate and the statutory contribution rate was 11.60% and 11.54% for the fiscal year ended June 30, 2025.

The 2015 Legislature passed and the Governor approved Senate Bill 228 authorizing the issuance of \$1.0 billion in pension obligation bonds to fund a portion of the School-Group's unfunded actuarial liability. The bonds were successfully issued in August 2015 and the proceeds transferred to the System.

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue pension obligation bonds, series 2021K, net proceeds of \$500 million to fund a portion of the School-Group's unfunded actuarial liability. The bond proceeds were received by KPERS on August 26, 2021.

The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer \$1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first \$253.9 million paid off outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019 while the remaining \$871.1 million was applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, \$600 million was transferred in May/June 2022.

In addition, Senate Bill 421 authorizes two additional transfers in Fiscal Year 2023 which totaled \$271.1 million. The first transfer of \$146.1 million was received on August 1, 2022. The second transfer of \$125 million was received on December 1, 2022.

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 \$337,228 for the year ended June 30, 2025.

**Net Pension Liability** – At June 30, 2025, the District's proportionate share of the collective net pension liability reported by KPERS was \$3,254,874. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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, 2024. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

## **7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS**

### **(a) Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is

subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

**(b) Death and Disability Other Post Employment Benefits**

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2025.

**(c) Compensated Absences**

Vacation and Sick Leave

The District has formal sick leave, vacation, bereavement leave and personal leave policies. Certified and classified employees receive ten days of sick leave each year and can accumulate a maximum of seventy-five sick leave days. Sick leave is not paid upon termination of employment. Certified and Classified employees receive five bereavement days each year. Certified employees and any classified staff that is not on a twelve month contract also receives four personal days each year. Any classified employee that is on a twelve month contract can earn vacation leave based on their hours worked. Classified employees with up to seven years of service can earn up to eight days of vacation leave and may accumulate a maximum of eighty hours; and after seven years of service, a classified employee may earn up to ten days of vacation leave and may accumulate up to 120 hours of accrued pay.

**8. RISK MANAGEMENT**

The Unified School District No. 107 is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance for these potential risks.

During the year ended June 30, 2025, the District did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

**9. SUBSEQUENT EVENTS**

On November 5, 2025, the Board accepted an offer of \$75,000 and authorized the contract to be signed for 109 S High Street, Mankato, Kansas.

The District has evaluated events subsequent to year end through the date of this report, and does not believe any events through the date of this report have occurred which effect the financial statement as presented.

UNIFIED SCHOOL DISTRICT NO. 107  
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 1

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

FUNDS	Certified Budget	Adjustment to Comply with Legal Max Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General Funds						
General Fund	\$ 4,274,434	\$ (193,608)	\$ 86,438	\$ 4,167,264	\$ 4,167,264	\$ -
Supplemental General Fund	1,382,423	(62,207)	1,109	1,321,325	1,321,325	-
Special Revenue Funds						
Preschool-Aged At Risk Fund	132,000	-	-	132,000	108,402	(23,598)
At Risk Fund (K-12)	831,463	-	-	831,463	830,540	(923)
Bilingual Education Fund	3,137	-	-	3,137	-	(3,137)
Capital Outlay Fund	3,086,467	-	-	3,086,467	959,455	(2,127,012)
Driver Training Fund	7,593	-	-	7,593	8,211	618
Food Service Fund	336,307	-	-	336,307	316,093	(20,214)
Professional Development Fund	77,988	-	-	77,988	16,197	(61,791)
Summer School Fund	20,422	-	-	20,422	2,137	(18,285)
Special Education Fund	967,000	-	-	967,000	829,813	(137,187)
Career & Postsecondary Education Fund	215,650	-	-	215,650	151,849	(63,801)
KPERs Special Retirement Contribution Fund	401,912	-	-	401,912	337,228	(64,684)

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 2-1  
Page 1 of 5

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

GENERAL FUND

	Actual	Budget	Variance Over (Under)
<b>RECEIPTS</b>			
State Aid	\$ 3,639,067	\$ 3,694,434	\$ (55,367)
Special Education State Aid	441,759	580,000	(138,241)
State Aid Reimbursements	2,300	-	2,300
Reimbursements	84,138	-	84,138
Total Receipts	4,167,264	\$ 4,274,434	\$ (107,170)
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	744,462	\$ 910,000	\$ (165,538)
Noncertified	125,251	85,000	40,251
Employee Benefits			
Insurance	261,086	280,000	(18,914)
Social Security & Medicare	65,243	78,000	(12,757)
Other	13,038	17,000	(3,962)
Purchased Professional & Technical Services	975	3,500	(2,525)
Other Purchased Services			
Tuition			
Tuition/Other LEA's Outside the State	33,447	70,000	(36,553)
Other	652	4,500	(3,848)
Supplies			
General	11,765	15,768	(4,003)
Technology	1,012	1,500	(488)
Property	1,953	-	1,953
Other	25,370	18,000	7,370
Total Instruction	1,284,254	1,483,268	(199,014)
Student Support Services			
Salaries			
Certified	63,895	-	63,895
Employee Benefits			
Social Security & Medicare	4,797	-	4,797
Other	4,778	-	4,778
Purchased Professional & Technical Services	2,780	5,000	(2,220)
Supplies	887	-	887
Other	-	1,000	(1,000)
Total Student Support Services	77,137	6,000	71,137

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 2-1  
Page 2 of 5

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

GENERAL FUND

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (Cont.)</b>			
<b>Instructional Support Staff</b>			
Salaries			
Noncertified	\$ 80	\$ -	\$ 80
Employee Benefits			
Social Security & Medicare	6	-	6
Purchased Professional & Technical Services	1,563	1,000	563
Other Purchased Services	741	-	741
Supplies			
Books & Periodicals	191	1,500	(1,309)
Other	38	-	38
	<u>2,619</u>	<u>2,500</u>	<u>119</u>
<b>Total Instructional Support Staff</b>			
<b>General Administration</b>			
Salaries			
Certified	112,839	110,000	2,839
Noncertified	42,753	44,500	(1,747)
Employee Benefits			
Insurance	21,143	22,500	(1,357)
Social Security & Medicare	11,593	11,500	93
Other	142	200	(58)
Purchased Professional & Technical Services	7,672	-	7,672
Other Purchased Services			
Insurance	239,875	180,000	59,875
Communications	3,981	9,000	(5,019)
Other	29,449	34,000	(4,551)
Supplies	28,039	23,000	5,039
Other	37,214	25,000	12,214
	<u>534,700</u>	<u>459,700</u>	<u>75,000</u>
<b>Total General Administration</b>			
<b>School Administration</b>			
Salaries			
Certified	155,047	157,000	(1,953)
Noncertified	76,312	74,000	2,312
Employee Benefits			
Insurance	21,489	22,794	(1,305)
Social Security & Medicare	17,335	18,000	(665)
Other	4,225	5,500	(1,275)
Other Purchased Services			
Communications	2,725	4,000	(1,275)
Supplies	8,236	7,000	1,236
Property	446	-	446
	<u>285,815</u>	<u>288,294</u>	<u>(2,479)</u>
<b>Total School Administration</b>			

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 2-1  
Page 3 of 5

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

GENERAL FUND

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Central Services			
Salaries			
Noncertified	\$ 42,751	\$ 45,000	\$ (2,249)
Employee Benefits			
Insurance	-	3,800	(3,800)
Social Security & Medicare	3,124	-	3,124
Other	38	-	38
Total Central Services	45,913	48,800	(2,887)
Operations & Maintenance			
Salaries			
Noncertified	5,070	-	5,070
Employee Benefits			
Insurance	10,745	-	10,745
Social Security & Medicare	372	-	372
Other	5	-	5
Purchased Property Services			
Water/Sewer	15,962	14,500	1,462
Repairs & Maintenance	96,327	102,000	(5,673)
Other	1,451	1,400	51
Supplies			
General	64,515	51,000	13,515
Energy			
Heating	31,017	28,500	2,517
Electricity	80,002	90,500	(10,498)
Other	138	-	138
Total Operations & Maintenance	305,604	287,900	17,704
Student Transportation Services			
Other	200	-	200
Total Student Transportation Services	200	-	200

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 2-1  
Page 4 of 5

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

GENERAL FUND			
	Actual	Budget	Variance Over (Under)
<b>EXPENDITURES (Cont.)</b>			
Vehicle Operating Services			
Salaries			
Noncertified	\$ 104,655	\$ 116,000	\$ (11,345)
Employee Benefits			
Insurance	69,123	12,500	56,623
Social Security	7,571	8,900	(1,329)
Other	108	100	8
Motor Fuel	60,960	71,500	(10,540)
Other	107	-	107
Total Vehicle Operating Services	242,524	209,000	33,524
Vehicle & Maintenance Services			
Salaries			
Noncertified	56,443	30,000	26,443
Employee Benefits			
Insurance	-	3,000	(3,000)
Social Security	4,212	3,000	1,212
Other	52	50	2
Purchased Professional & Technical Services	852	-	852
Other Purchased Services	2,807	5,000	(2,193)
Supplies	32,705	28,500	4,205
Other	61	-	61
Total Vehicle & Maintenance Services	97,132	69,550	27,582
Other Support Services			
Other	3,579	-	3,579
Total Other Support Services	3,579	-	3,579
Outgoing Transfers			
At Risk Fund (K-12)	472,188	532,422	(60,234)
Capital Outlay Fund	140,622	300,000	(159,378)
Driver Training Fund	-	7,000	(7,000)
Special Education Fund	674,977	580,000	94,977
Total Outgoing Transfers	1,287,787	1,419,422	(131,635)

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 2-1  
Page 5 of 5

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

GENERAL FUND

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Adjustment to Comply With Legal Max	\$ -	\$ (193,608)	\$ 193,608
Legal General Fund Budget	4,167,264	4,080,826	86,438
Adjustment for Qualifying Budget Credits			
Reimbursements	-	86,438	(86,438)
Total Expenditures	<u>4,167,264</u>	<u>\$ 4,167,264</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, July 1, 2024	<u>-</u>		
UNENCUMBERED CASH, June 30, 2025	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 2-2  
Page 1 of 3

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

SUPPLEMENTAL GENERAL FUND

	Actual	Budget	Variance Over (Under)
<b>RECEIPTS</b>			
General Property Taxes			
Ad Valorem Taxes			
Tax In Process	\$ 47,863	\$ 64,879	\$ (17,016)
Current Tax	1,228,999	1,300,932	(71,933)
Delinquent Tax	18,518	6,413	12,105
Motor Vehicle Tax	68,246	68,335	(89)
Recreational Vehicle Tax	3,203	2,017	1,186
Commercial Vehicle Tax	3,130	4,085	(955)
Reimbursements	1,109	-	1,109
	<u>1,371,068</u>	<u>\$ 1,446,661</u>	<u>\$ (75,593)</u>
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	238,879	\$ 345,876	\$ (106,997)
Non Certified	2,908	-	2,908
Employee Benefits			
Insurance	125,484	120,000	5,484
Social Security & Medicare	18,227	26,000	(7,773)
Other	3,689	3,000	689
Other Purchased Services	28,000	-	28,000
Supplies			
General	8,369	-	8,369
Technology	240	500	(260)
Miscellaneous	-	8,000	(8,000)
Property	1,000	-	1,000
Other	9,982	8,000	1,982
	<u>436,778</u>	<u>511,376</u>	<u>(74,598)</u>
Student Support Services			
Salaries			
Certified	8,700	\$ -	\$ 8,700
Employee Benefits			
Social Security & Medicare	653	-	653
Other	8	-	8
Other	488	-	488
	<u>9,849</u>	<u>-</u>	<u>9,849</u>

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

SUPPLEMENTAL GENERAL FUND

	Actual	Budget	Variance Over (Under)
<b>EXPENDITURES (Cont.)</b>			
<b>Instructional Support Staff</b>			
Purchased Professional & Technical Services	\$ 16,463	\$ 35,000	\$ (18,537)
Other	1,500	-	1,500
<b>Total Instructional Support Staff</b>	<b>17,963</b>	<b>35,000</b>	<b>(17,037)</b>
<b>General Administration</b>			
<b>Salaries</b>			
Certified	5,910	8,500	(2,590)
<b>Employee Benefits</b>			
Social Security & Medicare	444	650	(206)
Other	2,735	3,000	(265)
Purchased Professional & Technical Services	29,961	65,000	(35,039)
<b>Other Purchased Services</b>			
Communications	1,333	-	1,333
Supplies	148	3,000	(2,852)
<b>Total General Administration</b>	<b>40,531</b>	<b>80,150</b>	<b>(39,619)</b>
<b>School Administration</b>			
<b>Salaries</b>			
Certified	4,506	-	4,506
<b>Employee Benefits</b>			
Social Security & Medicare	342	-	342
Other	4	-	4
Purchased Professional Services	1,200	-	1,200
<b>Other Purchased Services</b>			
Communications	2,667	-	2,667
<b>Total School Administration</b>	<b>8,719</b>	<b>-</b>	<b>8,719</b>
<b>Operations &amp; Maintenance</b>			
<b>Purchased Property Services</b>			
Repairs & Maintenance	-	20,000	(20,000)
Other Purchased Services	652	2,000	(1,348)
<b>Total Operations &amp; Maintenance</b>	<b>652</b>	<b>22,000</b>	<b>(21,348)</b>

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

SUPPLEMENTAL GENERAL FUND

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Vehicle Operating Service			
Salaries			
Certified	\$ 2,166	\$ -	\$ 2,166
Employee Benefits			
Social Security & Medicare	163	-	163
Other	2	-	2
	2,331	-	2,331
Total Vehicle Operating Service			
Outgoing Transfers			
Preschool-Aged At Risk Fund	126,380	127,000	(620)
At Risk Fund (K-12)	252,863	148,196	104,667
Food Service Fund	40,000	20,000	20,000
Professional Development Fund	11,500	20,000	(8,500)
Special Education Fund	210,188	188,701	21,487
Career & Postsecondary Education Fund	156,000	180,000	(24,000)
Textbook & Student Material Revolving Fund	7,571	50,000	(42,429)
	804,502	733,897	70,605
Total Outgoing Transfers			
Adjustment to Comply with Legal Max	-	(62,207)	62,207
Legal Supplemental General Fund Budget	1,321,325	1,320,216	1,109
Adjustment for Qualifying Budget Credits			
Reimbursements	-	1,109	(1,109)
	1,321,325	\$ 1,321,325	\$ -
Total Expenditures			
Receipts Over (Under) Expenditures	49,743		
UNENCUMBERED CASH, July 1, 2024	77,675		
UNENCUMBERED CASH, June 30, 2025	\$ 127,418		

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

PRESCHOOL-AGED AT RISK FUND

	Actual	Budget	Variance Over (Under)
<b>RECEIPTS</b>			
Incoming Transfer			
Supplemental General Fund	\$ 126,380	\$ 127,000	\$ (620)
Total Receipts	126,380	\$ 127,000	\$ (620)
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	63,575	\$ 69,441	\$ (5,866)
Noncertified	9,303	22,900	(13,597)
Employee Benefits			
Insurance	15,903	29,000	(13,097)
Social Security & Medicare	5,400	7,000	(1,600)
Other	65	100	(35)
Supplies			
General	-	3,559	(3,559)
Student Transportation Services			
Salaries			
Noncertified	13,211	-	13,211
Employee Benefits			
Social Security & Medicare	933	-	933
Other	12	-	12
Total Expenditures	108,402	\$ 132,000	\$ (23,598)
Receipts Over (Under) Expenditures	17,978		
UNENCUMBERED CASH, July 1, 2024	117,991		
UNENCUMBERED CASH, June 30, 2025	\$ 135,969		

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

AT RISK FUND (K-12)		Variance Over (Under)	
	Actual	Budget	
<b>RECEIPTS</b>			
Incoming Transfers			
General Fund	\$ 472,188	\$ 532,422	\$ (60,234)
Supplemental General Fund	252,863	148,196	104,667
Total Receipts	725,051	\$ 680,618	\$ 44,433
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	595,883	\$ 550,000	\$ 45,883
Noncertified	114,191	97,500	16,691
Employee Benefits			
Insurance	43,244	37,000	6,244
Social Security & Medicare	49,455	50,000	(545)
Other	16,409	15,000	1,409
Purchased Professional & Technical Services	-	10,000	(10,000)
Supplies			
Textbooks	6,258	50,000	(43,742)
Technology	5,100	-	5,100
Other	-	21,963	(21,963)
Total Expenditures	830,540	\$ 831,463	\$ (923)
Receipts Over (Under) Expenditures	(105,489)		
UNENCUMBERED CASH, July 1, 2024	150,845		
UNENCUMBERED CASH, June 30, 2025	\$ 45,356		

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

BILINGUAL EDUCATION FUND

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
RECEIPTS			
Incoming Transfer			
Supplemental General Fund	\$ -	\$ 2,500	\$ (2,500)
Total Receipts	<u>-</u>	<u>\$ 2,500</u>	<u>\$ (2,500)</u>
EXPENDITURES			
Student Support Services			
Supplies	-	\$ 3,137	\$ (3,137)
Total Expenditures	<u>-</u>	<u>\$ 3,137</u>	<u>\$ (3,137)</u>
Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, July 1, 2024	<u>637</u>		
UNENCUMBERED CASH, June 30, 2025	<u>\$ 637</u>		

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

CAPITAL OUTLAY FUND

	Actual	Budget	Variance Over (Under)
<b>RECEIPTS</b>			
General Property Taxes			
Ad Valorem Taxes			
Tax in Process	\$ 18,923	\$ 25,120	\$ (6,197)
Current Tax	454,239	480,838	(26,599)
Delinquent Tax	6,705	3,797	2,908
Motor Vehicle Tax	30,164	45,242	(15,078)
Recreational Vehicle Tax	1,358	1,337	21
Commercial Vehicle Tax	1,303	2,705	(1,402)
Interest on Idle Funds	195,454	-	195,454
Other Revenue from Local Sources	84,570	7,878	76,692
Incoming Transfer			
General Fund	140,622	300,000	(159,378)
	<u>933,338</u>	<u>\$ 866,917</u>	<u>\$ 66,421</u>
<b>EXPENDITURES</b>			
Instruction			
Supplies	9,733	\$ -	\$ 9,733
Property	2,271	15,000	(12,729)
Student Support Services			
Property	18,454	30,000	(11,546)
Instructional Support Staff			
Supplies	7,807	20,000	(12,193)
Property	17,967	80,000	(62,033)
General Administration			
Supplies	11,637	20,000	(8,363)
School Administration			
Supplies	28,607	-	28,607
Central Services			
Property	89,916	-	89,916
Operations & Maintenance			
Salaries			
Noncertified	218,462	396,467	(178,005)
Employee Benefits			
Insurance	45,940	75,000	(29,060)
Social Security & Medicare	16,194	25,000	(8,806)
Other	199	5,000	(4,801)
Purchased Property Services			
Repair & Maintenance	191,972	200,000	(8,028)
Rentals	314	-	314
Property	17,902	250,000	(232,098)
Transportation			
Property	162,360	10,000	152,360

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

CAPITAL OUTLAY FUND

	Actual	Budget	Variance Over (Under)
EXPENDITURES (Cont.)			
Vehicle Services & Maintenance Services			
Purchased Professional & Technical Service	\$ 425	\$ 5,000	\$ (4,575)
Other Purchased Services	218	-	218
Other Support Services			
Property	8,700	5,000	3,700
Architectural & Engineering Services	-	1,600,000	(1,600,000)
Building Improvement			
Outside Contractors	82,129	350,000	(267,871)
Other	28,248	-	28,248
Total Expenditures	959,455	\$ 3,086,467	\$ (2,127,012)
Receipts Over (Under) Expenditures	(26,117)		
UNENCUMBERED CASH, July 1, 2024	2,278,900		
Prior Year Cancelled Encumbrances	149,159		
UNENCUMBERED CASH, June 30, 2025	\$ 2,401,942		

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

DRIVER TRAINING FUND

	Actual	Budget	Variance Over (Under)
<b>RECEIPTS</b>			
Other Revenue from Local Sources	\$ 3,418	\$ -	\$ 3,418
State Aid	2,610	2,700	(90)
Incoming Transfer			
General Fund	-	7,000	(7,000)
Total Receipts	6,028	\$ 9,700	\$ (3,672)
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	6,773	\$ 7,000	\$ (227)
Employee Benefits			
Social Security & Medicare	522	536	(14)
Other	7	7	-
Supplies			
General	46	50	(4)
Instructional Support Staff			
Supplies			
Miscellaneous	382	-	382
Vehicle Operations & Maintenance Service			
Supplies			
Motor Fuel	481	-	481
Total Expenditures	8,211	\$ 7,593	\$ 618
Receipts Over (Under) Expenditures	(2,183)		
UNENCUMBERED CASH, July 1, 2024	10,868		
UNENCUMBERED CASH, June 30, 2025	\$ 8,685		

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

FOOD SERVICE FUND

	Actual	Budget	Variance Over (Under)
<b>RECEIPTS</b>			
Student Lunch	\$ 45,302	\$ 51,414	\$ (6,112)
Student Breakfast	5,679	5,046	633
Milk	9,962	21,218	(11,256)
Adult Meals	2,475	50	2,425
Miscellaneous	1,309	-	1,309
Interest on Idle Funds	24,414	-	24,414
State Aid	2,175	1,655	520
Federal Aid	170,092	163,033	7,059
Incoming Transfer			
Supplemental General Fund	40,000	20,000	20,000
Total Receipts	301,408	\$ 262,416	\$ 38,992
<b>EXPENDITURES</b>			
Food Service Operation			
Salaries			
Noncertified	93,064	\$ 91,000	\$ 2,064
Employee Benefits			
Insurance	52,153	4,500	47,653
Social Security & Medicare	6,849	7,000	(151)
Other	84	100	(16)
Supplies			
Food & Milk	158,754	200,000	(41,246)
Miscellaneous	659	2,707	(2,048)
Property	3,461	30,000	(26,539)
Other	1,069	1,000	69
Total Expenditures	316,093	\$ 336,307	\$ (20,214)
Receipts Over (Under) Expenditures	(14,685)		
UNENCUMBERED CASH, July 1, 2024	73,892		
UNENCUMBERED CASH, June 30, 2025	\$ 59,207		

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

PROFESSIONAL DEVELOPMENT FUND

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
RECEIPTS			
State Aid	\$ 2,417	\$ 6,412	\$ (3,995)
Incoming Transfer			
Supplemental General Fund	<u>11,500</u>	<u>20,000</u>	<u>(8,500)</u>
Total Receipts	<u>13,917</u>	<u>\$ 26,412</u>	<u>\$ (12,495)</u>
EXPENDITURES			
Instructional Support Staff			
Purchased Professional & Technical Services	3,683	\$ -	\$ 3,683
Other Purchased Services	<u>12,514</u>	<u>77,988</u>	<u>(65,474)</u>
Total Expenditures	<u>16,197</u>	<u>\$ 77,988</u>	<u>\$ (61,791)</u>
Receipts Over (Under) Expenditures	(2,280)		
UNENCUMBERED CASH, July 1, 2024	<u>51,576</u>		
UNENCUMBERED CASH, June 30, 2025	<u>\$ 49,296</u>		

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

SUMMER SCHOOL FUND

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
RECEIPTS	\$ -	\$ -	\$ -
EXPENDITURES			
Instruction			
Salaries			
Certified	-	\$ 12,000	\$ (12,000)
Non Certified	1,910	-	1,910
Employee Benefits			
Social Security	146	1,000	(854)
Other	2	50	(48)
Supplies			
General	<u>79</u>	<u>7,372</u>	<u>(7,293)</u>
Total Expenditures	<u>2,137</u>	<u>\$ 20,422</u>	<u>\$ (18,285)</u>
Receipts Over (Under) Expenditures	(2,137)		
UNENCUMBERED CASH, July 1, 2024	<u>20,422</u>		
UNENCUMBERED CASH, June 30, 2025	<u>\$ 18,285</u>		

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Schedule 2-11

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

SPECIAL EDUCATION FUND

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>RECEIPTS</b>			
Incoming Transfers			
General Fund	\$ 674,977	\$ 580,000	\$ 94,977
Supplemental General Fund	<u>210,188</u>	<u>188,701</u>	<u>21,487</u>
Total Receipts	<u>885,165</u>	<u>\$ 768,701</u>	<u>\$ 116,464</u>
<b>EXPENDITURES</b>			
Instruction			
Employee Benefits			
Insurance	1,828	\$ -	\$ 1,828
Other Purchased Services			
Payment to Special Education Coop-(Assessments)	450,222	400,000	50,222
Payment to Special Education Coop-(Flowthrough)	377,127	467,000	(89,873)
Supplies			
General	-	15,000	(15,000)
Property	-	75,000	(75,000)
Other	-	5,000	(5,000)
Instructional Support Staff			
Other	-	5,000	(5,000)
Vehicle Operating Services			
Salaries			
Noncertified	540	-	540
Employee Benefits			
Social Security & Medicare	41	-	41
Other	1	-	1
Supplies			
Miscellaneous	<u>54</u>	<u>-</u>	<u>54</u>
Total Expenditures	<u>829,813</u>	<u>\$ 967,000</u>	<u>\$ (137,187)</u>
Receipts Over (Under) Expenditures	55,352		
UNENCUMBERED CASH, July 1, 2024	<u>278,368</u>		
UNENCUMBERED CASH, June 30, 2025	<u>\$ 333,720</u>		

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Schedule 2-12

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

CAREER & POSTSECONDARY EDUCATION FUND

	Actual	Budget	Variance Over (Under)
<b>RECEIPTS</b>			
Other Revenue from Local Sources	\$ 7,179	\$ 8,000	\$ (821)
State Aid	6,312	18,972	(12,660)
Incoming Transfer			
Supplemental General Fund	156,000	180,000	(24,000)
Total Receipts	169,491	\$ 206,972	\$ (37,481)
<b>EXPENDITURES</b>			
Instruction			
Salaries			
Certified	96,402	\$ 135,000	\$ (38,598)
Employee Benefits			
Insurance	21,676	31,000	(9,324)
Social Security & Medicare	9,290	11,000	(1,710)
Other	75	150	(75)
Supplies			
General	16,720	25,000	(8,280)
Textbooks	-	500	(500)
Technology	585	-	585
Miscellaneous	3,659	-	3,659
Property	482	-	482
Other	2,486	10,000	(7,514)
Instructional Support Staff			
Other Purchased Services	474	3,000	(2,526)
Total Expenditures	151,849	\$ 215,650	\$ (63,801)
Receipts Over (Under) Expenditures	17,642		
UNENCUMBERED CASH, July 1, 2024	176,182		
UNENCUMBERED CASH, June 30, 2025	\$ 193,824		

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Schedule 2-13

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

GIFTS & GRANTS FUND

	Actual	Budget**	Variance Over (Under)
RECEIPTS			
Contributions & Donations	\$ 14,693	\$ -	\$ 14,693
State Aid	<u>5,264</u>	<u>-</u>	<u>5,264</u>
Total Receipts	<u>19,957</u>	<u>\$ -</u>	<u>\$ 19,957</u>
EXPENDITURES			
Instruction			
Employee Benefits			
Other	\$ -	\$ 364	\$ (364)
Other	<u>16,260</u>	<u>-</u>	<u>16,260</u>
Total Expenditures	<u>16,260</u>	<u>\$ 364</u>	<u>\$ 15,896</u>
Receipts Over (Under) Expenditures	3,697		
UNENCUMBERED CASH, July 1, 2024	<u>365</u>		
UNENCUMBERED CASH, June 30, 2025	<u>\$ 4,062</u>		

\*\* The Gifts and Grants Fund is not required by statute to be budgeted. This budget is for informational purposes only.

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

	Actual	Budget	Variance Over (Under)
RECEIPTS			
KPERS	\$ 337,228	\$ 401,912	\$ (64,684)
EXPENDITURES			
Instruction			
Employee Benefits	217,754	\$ 245,166	\$ (27,412)
Student Support Services			
Employee Benefits	3,303	8,038	(4,735)
Instructional Support Staff			
Employee Benefits	4,955	12,057	(7,102)
General Administration			
Employee Benefits	20,165	28,134	(7,969)
School Administration			
Employee Benefits	30,212	44,210	(13,998)
Central Services			
Employee Benefits	1,720	-	1,720
Operations & Maintenance			
Employee Benefits	33,861	32,153	1,708
Student Transportation Services			
Employee Benefits	16,026	16,077	(51)
Food Service			
Employee Benefits	9,232	16,077	(6,845)
Total Expenditures	337,228	\$ 401,912	\$ (64,684)
Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, July 1, 2024	-		
UNENCUMBERED CASH, June 30, 2025	\$ -		

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Schedule 2-15

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
For The Year Ended June 30, 2025

CONTINGENCY RESERVE FUND

	<u>Actual</u>
RECEIPTS	<u>\$ -</u>
EXPENDITURES	<u>-</u>
Receipts Over (Under) Expenditures	-
UNENCUMBERED CASH, July 1, 2024	<u>568,518</u>
UNENCUMBERED CASH, June 30, 2025	<u><u>\$ 568,518</u></u>

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Schedule 2-16

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
For The Year Ended June 30, 2025

TEXTBOOK & STUDENT MATERIAL REVOLVING FUND

	<u>Actual</u>
RECEIPTS	
Incoming Transfer	
Supplemental General Fund	<u>\$ 7,571</u>
Total Receipts	<u>7,571</u>
EXPENDITURES	
Instruction	
Supplies	
Textbooks	56,280
Workbooks	2,647
Other Materials & Supplies	<u>14,041</u>
Total Expenditures	<u>72,968</u>
Receipts Over (Under) Expenditures	(65,397)
UNENCUMBERED CASH, July 1, 2024	109,788
Prior Year Cancelled Encumbrances	<u>1,477</u>
UNENCUMBERED CASH, June 30, 2025	<u><u>\$ 45,868</u></u>

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Schedule 2-17

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
For The Year Ended June 30, 2025

DISTRICT ACTIVITY FUNDS

	<u>Actual</u>
RECEIPTS	<u>\$ 107,526</u>
EXPENDITURES	<u>115,311</u>
Receipts Over (Under) Expenditures	(7,785)
UNENCUMBERED CASH, July 1, 2024	<u>25,130</u>
UNENCUMBERED CASH, June 30, 2025	<u><u>\$ 17,345</u></u>

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

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SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

FEDERAL FUNDS

	Small Rural Schools Achievement Grant Fund	Title I Fund	Title II A Fund	Title IVA Fund	ELC Fund	Perkins Reserve	ESSER III Fund	Total Federal Funds	Budget**	Variance Over (Under)
RECEIPTS										
Federal Aid	\$ 39,709	\$ 131,253	\$ 16,577	\$ 16,313	\$ 25,381	\$ 7,492	\$ 202,356	\$ 439,081	\$ 473,266	\$ (34,185)
EXPENDITURES										
Instruction										
Salaries										
Certified	-	92,083	4,277	-	-	-	49,546	145,906	\$ 80,000	\$ 65,906
Noncertified	-	-	-	-	19,578	-	1,684	21,262	10,000	11,262
Employee Benefits										
Insurance	-	-	-	-	-	-	914	914	10,000	(9,086)
Social Security & Medicare	-	7,280	-	-	1,659	-	3,943	12,882	6,900	5,982
Other	-	89	-	-	20	-	761	870	500	370
Purchased Property Services	-	-	-	-	-	-	-	-	14,627	(14,627)
Other Purchased Services	-	-	7,500	-	-	-	53	7,553	20,000	(12,447)
Supplies										
General	39,709	719	4,585	15,028	-	-	-	60,041	25,000	35,041
Textbooks	-	-	-	-	-	-	-	-	15,000	(15,000)
Technology	-	-	-	-	-	-	-	-	40,000	(40,000)
Property	-	-	-	-	-	-	-	-	20,000	(20,000)
Other	-	-	-	-	-	-	-	-	1,500	(1,500)

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 2-18  
Page 2 of 2

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For The Year Ended June 30, 2025

FEDERAL FUNDS (Cont.)

	Small Rural Schools Achievement Grant Fund	Title I Fund	Title II A Fund	Title IV A Fund	ELC Fund	Perkins Reserve	ESSER III Fund	Total Federal Funds	Budget**	Variance Over (Under)
Total Expenditures	39,709	100,171	16,362	15,028	21,257	-	56,901	249,428	\$ 243,527	\$ 5,901
Receipts Over (Under) Expenditures	-	31,082	215	1,285	4,124	7,492	145,455	189,653		
UNENCUMBERED CASH, July 1, 2024	-	(52,682)	(9,077)	(10,309)	(4,724)	(7,492)	(145,455)	(229,739)		
Prior Year Cancelled Encumbrances	-	-	-	-	600	-	-	600		
UNENCUMBERED CASH, June 30, 2025	\$ -	\$ (21,600)	\$ (8,862)	\$ (9,024)	\$ -	\$ -	\$ -	\$ (39,486) *		

\* See Note 3 Cash Basis Exception

\*\* Federal funds are not required by statute to be budgeted. This budget is for informational purposes only.

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 3

SUMMARY OF RECEIPTS AND DISBURSEMENTS  
REGULATORY BASIS  
For The Year Ended June 30, 2025

AGENCY FUNDS

Fund	Beginning Balance 7/1/2024	Receipts	Disbursements	Ending Balance 6/30/2025
Student Activity Funds	\$ 63,332	\$ 76,645	\$ 81,919	\$ 58,058
Sales Tax	-	5,108	5,108	-
Total	<u>\$ 63,332</u>	<u>\$ 81,753</u>	<u>\$ 87,027</u>	<u>\$ 58,058</u>

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 4

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
REGULATORY BASIS  
For The Year Ended June 30, 2025

DISTRICT ACTIVITY FUNDS

Fund	Beginning Unencumbered Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Balance
Junior/Senior High School							
Athletics	\$ 11,739	\$ -	\$ 47,378	\$ 53,759	\$ 5,358	\$ -	\$ 5,358
Concessions	6,994	-	55,392	56,833	5,553	-	5,553
Drama	4,760	-	2,209	2,975	3,994	-	3,994
Total Junior/Senior High School	<u>23,493</u>	<u>-</u>	<u>104,979</u>	<u>113,567</u>	<u>14,905</u>	<u>-</u>	<u>14,905</u>
Grade School							
General Activities	1,637	-	2,547	1,744	2,440	-	2,440
Total District Activity Funds	<u>\$ 25,130</u>	<u>\$ -</u>	<u>\$ 107,526</u>	<u>\$ 115,311</u>	<u>\$ 17,345</u>	<u>\$ -</u>	<u>\$ 17,345</u>

UNIFIED SCHOOL DISTRICT NO. 107  
Mankato, Kansas

Schedule 5

SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
REGULATORY BASIS  
For The Year Ended June 30, 2025

STUDENT ACTIVITY FUNDS

Fund	Beginning Balance 7/1/2024	Receipts	Disbursements	Ending Balance 6/30/2025
<b>JUNIOR/SENIOR HIGH SCHOOL</b>				
Class of 2024	838	-	838	-
Class of 2025	3,290	2,862	6,152	-
Class of 2026	1,153	6,132	4,670	2,615
Class of 2027	1,114	312	-	1,426
Class of 2028	309	381	-	690
Class of 2029	91	355	133	313
Class of 2030	-	353	109	244
FFA	25,025	24,146	28,201	20,970
Student Council	7,339	7,946	7,235	8,050
National Honor Society	184	2,002	1,647	539
Family Career Community Leaders	212	-	-	212
Annual	401	1	170	232
Cheerleaders	646	943	-	1,589
Library Fees	158	20	158	20
Entrepreneurship - Ag Metals	1,411	-	-	1,411
Scholar's Bowl	851	536	200	1,187
Future Business Leaders of America	5,044	17,388	16,144	6,288
Broadcasting	691	-	2	689
Instrumental Music	6,178	3,618	6,962	2,834
Middle School Student Council	4,150	15	503	3,662
Junior High Cheerleaders	2,537	895	809	2,623
Middle School Scholars Bowl	1,314	484	342	1,456
Rock Hills School Store	-	1,156	734	422
Industrial Arts	-	-	19	(19)
Dance Team	396	7,100	6,891	605
<b>Total Student Activity Funds</b>	<b>\$ 63,332</b>	<b>\$ 76,645</b>	<b>\$ 81,919</b>	<b>\$ 58,058</b>

*APPENDIX C*

**SUMMARY OF FINANCING DOCUMENTS**

## *APPENDIX C*

### **SUMMARY OF FINANCING DOCUMENTS**

The following is a summary of certain provisions contained in the Bond Resolution authorizing the issuance of the Bonds. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing document.

#### **THE BOND RESOLUTION**

##### **DEFINITIONS**

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

**“Act”** means the Constitution and statutes of the State, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, K.S.A. 25-2018(f) and K.S.A. 72-5457, all as amended and supplemented.

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

**“BAM”** means Build America Mutual Assurance Company., a New York domiciled mutual insurance corporation, or any successor thereto.

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

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

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

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

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

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

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

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

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

**“Bonds”** means the General Obligation Bonds, Series 2026, authorized and issued by the Issuer pursuant to the Bond Resolution.

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

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

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

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

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

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

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

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

“**Dated Date**” means June 25, 2026.

“**Debt Service Account**” means the account by that name created within the Bond and Interest Fund by the Bond Resolution.

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

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

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

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

(b) evidences of ownership of proportionate interests in future interest and principal payments on United States Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Government Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated; or

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

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

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

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

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

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

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

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

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

**“District”** means Unified School District No. 107, Jewell County, Kansas (Rock Hills), Kansas.

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

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

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

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

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

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

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

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

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

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

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

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

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

**“Interest Payment Date(s)”** means the Stated Maturity of an installment of interest on any Bond which shall be March 1 and September 1 of each year, commencing March 1, 2027.

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

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

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

**“Moody’s”** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Bond Insurer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**“SEC Rule”** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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

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

**“Standard & Poor's”** means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Bond Insurer.

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

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

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

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

**“Term Bonds”** means the Bonds scheduled to mature in the year 2045.

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

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

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

***Creation of Funds and Accounts.*** Simultaneously with the issuance of the Bonds, there shall be created within the Treasury of the Issuer the following Funds and Accounts:

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

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

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

- (a) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (b) An amount to pay costs of compliance shall be deposited in the Compliance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Improvement Fund.

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

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

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

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

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

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

***Application of Moneys in the Compliance Account.*** Moneys in the Compliance Account shall be used by the Issuer to pay the fees and expenses relating to compliance with federal arbitrage law and state or federal securities laws. Any

funds remaining in the Compliance Account not necessary for such payments shall be transferred to the Issuer for deposit in the Debt Service Account.

## **DEPOSIT AND INVESTMENT OF MONEYS**

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

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

## **DEFAULT AND REMEDIES**

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

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

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

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

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

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

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

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

## DEFEASANCE

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

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

## TAX COVENANTS

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

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

## CONTINUING DISCLOSURE REQUIREMENTS

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

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

## PROVISIONS RELATING TO THE BOND INSURANCE POLICY

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

(a) In the event that principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Issuer, the assignment and pledge of the trust estate and all covenants, agreements and other

obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Bonds.

(b) In the event that on the second (2nd) business day prior to the payment date on the Bonds, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second (2nd) following business day, the Paying Agent shall immediately notify the Bond Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency.

(c) If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee shall so notify the Bond Insurer or its designee.

(d) In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal of or interest on the Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy law, then the Paying Agent shall notify the Bond Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Bond Insurer.

(e) The Paying Agent shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Bonds as follows:

(1) If there is a deficiency in amounts required to pay interest and/or principal on the Bonds, the Paying Agent or Trustee shall (i) execute and deliver to the Bond Insurer, in form satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent for such holders of the Bonds in any legal proceeding related to the payment of and an assignment to the Bond Insurer of the claims for interest on the Bonds, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment from the Bond Insurer with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders; and

(2) If there is a deficiency in amounts required to pay principal of the Bonds, the Paying Agent shall (i) execute and deliver to the Bond Insurer, in form satisfactory to the Bond Insurer, an instrument appointing the Bond Insurer as agent for such holder of the Bonds in any legal proceeding related to the payment of such principal and an assignment to the Bond Insurer of the Bond surrendered to the Bond Insurer (but such assignment shall be delivered only if payment from the Bond Insurer is received), (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment therefore from the Bond Insurer, and (iii) disburse the same to such holders.

(f) Payments with respect to claims for interest on and principal of Bonds disbursed by the Paying Agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the Issuer with respect to such Bonds, and the Bond Insurer shall become the owner of such unpaid Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraph (e) or otherwise.

(g) Irrespective of whether any such assignment is executed and delivered, the Issuer and the Paying Agent shall agree for the benefit of the Bond Insurer that:

(1) They recognize that to the extent the Bond Insurer makes payments directly or indirectly (*e.g.*, by paying through the Paying Agent), on account of principal of or interest on the Bonds, the Bond Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Issuer, with interest thereon, as provided and solely from the sources stated in the transaction documents and the Bonds; and

(2) They will accordingly pay to the Bond Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Bonds to holders, and will otherwise treat the Bond Insurer as the owner of such rights to the amount of such principal and interest.

***Notices to the Bond Insurer.***

(a) While the Bond Insurance Policy is in effect, the Issuer shall, in addition to the other notice requirements contained in the Bond Resolution, furnish to the Bond Insurer:

(1) As soon as practicable after the filing thereof, a copy of any financial statement, audit and/or annual report of the Issuer;

(2) A copy of any notice to be given to the Owners, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Bond Resolution relating to the security for the Bonds;

(3) Copies of any filings or notices required to be given by the Issuer pursuant to the Disclosure Undertaking;

(4) Notice of an Event of Default within five business days after the occurrence of such event; and

(5) Such additional information as the Bond Insurer may reasonably request.

(b) The Issuer shall notify the Bond Insurer of any failure of the Issuer to provide relevant notices, certificates, etc.

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

**Third Party Beneficiary.** The Bond Insurer is explicitly recognized as and shall be deemed to be a third-party beneficiary of this Bond Resolution and may enforce any right, remedy or claim conferred, given or granted thereunder.

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

## MISCELLANEOUS PROVISIONS

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

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

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

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more

precisely identify the Improvements, to reallocate proceeds of the Bonds among Improvements, to provide for Substitute Improvements, to conform the Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

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

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

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

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

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*APPENDIX D*

**FORM OF DISCLOSURE UNDERTAKING**

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**CONTINUING DISCLOSURE UNDERTAKING**

**DATED AS OF JUNE 25, 2026**

**BY**

**UNIFIED SCHOOL DISTRICT NO. 107,  
JEWELL COUNTY, KANSAS (ROCK HILLS)**

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**\$5,670,000  
UNIFIED SCHOOL DISTRICT NO. 107,  
JEWELL COUNTY, KANSAS (ROCK HILLS)  
GENERAL OBLIGATION BONDS  
SERIES 2026  
DATED JUNE 25, 2026**

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## CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of June 25, 2026 (the “Continuing Disclosure Undertaking”), is executed and delivered by **UNIFIED SCHOOL DISTRICT NO. 107, JEWELL COUNTY, KANSAS (ROCK HILLS)** (the “Issuer”).

### RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its General Obligation Bonds, Series 2026 (the “Bonds”), pursuant to a Resolution adopted by the governing body of the Issuer (the “Bond Resolution”).

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

The Issuer covenants and agrees as follows:

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

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

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

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

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

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

“**Financial Obligation**” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

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

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

(a) The Issuer shall, not later than the 360<sup>th</sup> day following the end of the Issuer’s Fiscal Year, commencing with the year ending June 30, 2026, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

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

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in *Exhibit A*, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the Issuer.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under *Section 3*, and the Annual Report deadline provided above shall automatically become the first day of the ninth month after the end of the Issuer’s new fiscal year.

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

**Section 3. Reporting of Material Events.** Not later than 10 Business Days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“Material Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

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

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

**Section 8. Default.** If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Bond Resolution or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

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

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

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

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

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

**UNIFIED SCHOOL DISTRICT NO. 107,  
JEWELL COUNTY, KANSAS (ROCK HILLS)**

(SEAL)

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President

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Clerk

***EXHIBIT A***

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

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

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

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

*APPENDIX E*

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

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

SPECIMEN

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

28 Liberty Street, 59<sup>th</sup> Floor  
New York, New York 10005

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN