

\$4,942,000
BARTON COUNTY, KANSAS
GENERAL OBLIGATION SALES TAX BONDS
SERIES 2003-A

Dated: May 15, 2003

Due: As Shown Below

The General Obligation Sales Tax Bonds, Series 2003-A (the "Series 2003-A Bonds") will be issued by Barton County, Kansas (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 City, New York. DTC will act as securities depository for the Series 2003-A Bonds. Purchases of the Series 2003-A Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof, except for one Series 2003-A Bond in the denomination of \$7,000 (or such amount added to \$5,000 or any integral multiple thereof). Purchasers will not receive certificates representing their interests in Series 2003-A Bonds purchased. So long as Cede & Co. is the registered owner of the Series 2003-A Bonds, as nominee of DTC, references herein to the Series 2003-A Bond owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Series 2003-A Bonds. Principal of and semiannual interest on the Series 2003-A Bonds will be paid from moneys available therefor under the Bond Resolution (herein defined) by the State Treasurer of Kansas, as paying agent and bond registrar, referred to hereinafter as the "Paying Agent" and "Bond Registrar". So long as DTC or its nominee, Cede & Co., is the Bond owner, such payments will be made directly to such Bond owner. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. Principal of the Series 2003-A Bonds will be payable on each September 1 in the years shown below. Interest on the Series 2003-A Bonds will be payable on each March 1 and September 1, beginning on March 1, 2004.

MATURITY SCHEDULE

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
09-01-04	\$407,000	2.500%	1.100%	09-01-09	\$495,000	2.625%	2.500%
09-01-05	455,000	2.500	1.300	09-01-10	510,000	2.875	2.800
09-01-06	465,000	2.500	1.500	09-01-11	530,000	3.000	3.000
09-01-07	475,000	2.500	2.000	09-01-12*	550,000	3.050	3.100
09-01-08	485,000	2.500	2.250	09-01-13*	570,000	3.150	3.200

* The Series 2003-A Bonds maturing on or after September 1, 2012 are subject to redemption prior to maturity on September 1, 2011 or thereafter, in whole or in part at any time at a price of 100% of the principal amount of Series 2003-A Bonds being redeemed plus accrued interest to the date of redemption. See THE SERIES 2003-A BONDS - "Redemption Provisions" herein.

The Series 2003-A Bonds will constitute general obligations of the Issuer, payable from and secured as to the payment of principal and interest by amounts received by the Issuer from a one-fourth percent (1/4%) special local option retailers sales tax as described herein, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit, and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Series 2003-A Bonds as the same become due. See THE SERIES 2003-A BONDS - "Security for the Series 2003-A Bonds" herein.

Under the Bond Resolution, Additional Bonds and Additional Obligations may be issued by the Issuer on a parity with the Series 2003-A Bonds (the Series 2003-A Bonds and any Additional Bonds shall hereinafter be referred to collectively as the "Bonds").

Based on business classification for fiscal year ending June 30, 2002, the top ten remitters of sales tax in the County are comprised of grocers, utilities, discount retail and department stores, and automobile services. The top ten remitters contribute approximately 35% of the sales tax for the County, with the top remitter contributing 9.8%.

Payment of the principal of and interest on the Series 2003-A Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Series 2003-A Bonds.

Ambac

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Series 2003-A Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is excluded from computation of Kansas adjusted gross income. The Series 2003-A Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See LEGAL MATTERS - "Opinion of Bond Counsel" herein.

The Series 2003-A Bonds are offered when, as, and if issued by the Issuer and received by the Underwriter, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. It is expected that the Series 2003-A Bonds will be available for delivery through the facilities of DTC on or about May 27, 2003.

May 12, 2003

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

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BARTON COUNTY COURTHOUSE
1400 Main Street – Room 107
Great Bend, Kansas 67530

COUNTY COMMISSION

Kirby Krier, Chairperson
Kenny Schremmer, Commissioner
Pat Keenan, Commissioner
Bill Ernsting, Commissioner
Jan Crissman, Commissioner

OTHER OFFICIALS

Mel Waite, County Administrator
Donna Zimmerman, County Clerk
Jan Karlin, Treasurer

COUNTY COUNSELOR

Richard Boeckman
Great Bend, Kansas

BOND COUNSEL

Gilmore & Bell, P. C.
Wichita, Kansas

FINANCIAL ADVISOR

George K. Baum & Company
Kansas City, Missouri

No person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Series 2003-A Bonds to be issued, other than those contained in this Official Statement, and if given or made, such other information or representations not so authorized must not be relied upon as having been given or authorized by the Issuer or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2003-A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information contained herein has been furnished by the Issuer and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness. All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Information, estimates, and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2003-A Bonds, shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the respective dates as of which information is given herein.

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\$4,942,000
BARTON COUNTY, KANSAS
GENERAL OBLIGATION SALES TAX BONDS
SERIES 2003-A

INTRODUCTION

General

This Official Statement is provided for the purpose of presenting certain information in connection with the issuance by Barton County, Kansas (the "Issuer" and the "County"), of its \$4,942,000 General Obligation Sales Tax Bonds, Series 2003-A (the "Series 2003-A Bonds"), dated May 15, 2003. The Series 2003-A Bonds are being issued for the purpose of providing funds for the renovation, improvements, and additions to the existing jail and law enforcement center of the County. See THE PROJECT herein.

The Series 2003-A Bonds will constitute general obligations of the Issuer, payable from and secured as to the payment of principal and interest by amounts received by the Issuer from a countywide one-fourth percent (1/4%) special local option retailers sales tax (as described herein), and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit, and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Series 2003-A Bonds as the same become due. See THE SERIES 2003-A BONDS – "Security for the Series 2003-A Bonds" herein.

Under the Bond Resolution, Additional Bonds and Additional Obligations may be issued by the Issuer on a parity with the Series 2003-A Bonds (the Series 2003-A Bonds and any Additional Bonds shall hereinafter be referred to collectively as the "Bonds")

Based on business classification for fiscal year ending June 30, 2002, the top ten remitters of sales tax in the County are comprised of grocers, utilities, discount retail and department stores, and automobile services. The top ten remitters contribute approximately 35% of the sales tax for the County, with the top remitter contributing 9.8%.

APPENDIX B, containing selected financial data relating to the Issuer, is an integral part of this Official Statement and should be read in its entirety.

Other than with respect to information concerning the Bond Insurer contained under the captions FINANCIAL GUARANTY INSURANCE POLICY and APPENDIX C – "Specimen Financial Guaranty Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by the Bond Insurer. Accordingly, the Bond Insurer makes no representation or warranty, express or implied, as to: (a) the accuracy or completeness of such information; (b) the validity of the Series 2003-A Bonds; or (c) the exclusion of interest on the Series 2003-A Bonds from Federal or State income taxation.

Definitions for certain words and terms appearing herein can be found in APPENDIX A – "Summary of Financing Documents". All financial and other information presented herein has been compiled by George K. Baum & Company, Kansas City, Missouri, Financial Advisor. Information has been provided by the Issuer unless otherwise indicated. Bond Counsel has not assisted in the preparation of nor reviewed this Official Statement, except to the extent described in the section titled LEGAL MATTERS, and accordingly expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Additional Information

Additional information regarding the Issuer or the Series 2003-A Bonds may be obtained from George K. Baum & Company, 435 Nichols Road, Suite 200, Kansas City, Missouri 64112, 816/474-1100. The Issuer has covenanted, in the resolution authorizing the issuance of the Series 2003-A Bonds, to comply with certain secondary market disclosure requirements. See UNDERTAKING TO PROVIDE ONGOING DISCLOSURE herein.

THE SERIES 2003-A BONDS

Description of the Series 2003-A Bonds

The Series 2003-A Bonds shall consist of fully registered book-entry bonds in the denomination of \$5,000 or any integral multiple thereof, except one Bond in the denomination of \$7,000 (or such amount added to \$5,000 or an integral multiple thereof) (the "Authorized Denomination") and shall be numbered in such manner as the Bond Registrar shall determine. All of the Series 2003-A Bonds shall be dated May 15, 2003, shall become due in the amounts, on the Stated Maturities, and subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the cover page of this Official Statement. The Series 2003-A Bonds shall bear interest (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

Book-Entry Bonds; Securities Depository

The Series 2003-A Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their interests in the Series 2003-A Bonds, except in the event the Bond Registrar issues Replacement Bonds. It is anticipated that during the term of the Series 2003-A 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 Series 2003-A Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

(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 Series 2003-A Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2003-A Bonds, or (b) if the Bond Registrar receives written notice from Participants having interest in not less than 50% of the Series 2003-A 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 Series 2003-A Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2003-A 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 Series 2003-A 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.

Depository Trust Company

The Depository Trust Company ("DTC"), New York City, New York, will act as securities depository for the Series 2003-A Bonds. The Series 2003-A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2003-A Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC 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 securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Series 2003-A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2003-A Bonds on DTC's records. The ownership interest of each actual purchaser/beneficial owner ("Beneficial Owner") of each Series 2003-A Bond 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, but Beneficial Owners are 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 interest in the Series 2003-A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2003-A Bonds, except in the event that use of the book-entry system for the Series 2003-A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2003-A Bonds deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2003-A Bonds with DTC and their registration in the name of Cede & Co. effect no change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2003-A 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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.

Redemption notices shall be sent to Cede & Co. If less than all of the Series 2003-A 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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2003-A Bonds. 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 the Series 2003-A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2003-A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on payable due. 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, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Paying Agent; disbursement of such payments to Direct Participants shall be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Financial Advisor believe to be reliable, but the Issuer and the Financial Advisor take no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Redemption Provisions

Optional Redemption. At the option of the Issuer, Series 2003-A Bonds or portions thereof maturing in the years 2012 and thereafter may be called for redemption and payment prior to their Stated Maturity on September 1, 2011 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.

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. 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 \$5,000 units of principal amount 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 \$5,000 are then outstanding, then for all purposes in connection with such redemption, each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, 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 \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 unit or units of face 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 State Treasurer 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 any 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 portions 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 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.

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 and shall be approved by the Bond Insurer.

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 Series 2003-A Bonds, and bond registrar with respect to the registration, transfer and exchange of the Series 2003-A Bonds.

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 and 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.

Method and Place of Payment of the Bonds

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

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Owner, or (b) in the case of an interest payment to 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 (which shall be in the continental United States), 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".

Authority for the Series 2003-A Bonds

The Series 2003-A 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. 12-187 *et seq.*, as amended, and a resolution adopted by the governing body of the Issuer on May 12, 2003 (the "Bond Resolution").

Security for the Series 2003-A Bonds

The Series 2003-A Bonds will constitute general obligations of the Issuer, payable from and secured as to the payment of principal and interest by amounts received by the Issuer from a countywide one-fourth percent (1/4%) special local option retailers sales tax (See SALES TAX COLLECTIONS – "Local Option Sales Tax" herein), and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit, and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Series 2003-A Bonds as the same become due.

FINANCIAL GUARANTY INSURANCE POLICY

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Obligations effective as of the date of issuance of the Obligations. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to the Bank of New York, in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Obligations which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Bond Registrar/Paying Agent. The insurance will extend for the term of the Obligations and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Obligations become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Obligations, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Obligations on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Obligations, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Bond Registrar/Paying Agent has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent, or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of Obligations to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Obligations to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Obligation, appurtenant coupon, if any, or right to payment of principal or interest on such Obligation and will be fully subrogated to the surrendering Holder's rights to payment.

Ambac Assurance Corporation

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, and the Commonwealth of Puerto Rico, with admitted assets of approximately \$6,115,000,000 (unaudited) and statutory capital of approximately \$3,703,000,000 (unaudited) as of December 31, 2002. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Market Services, a division of The McGraw-Hill Companies, Moody's Investors Service, and Fitch, Inc. have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Obligations.

Ambac Assurance makes no representation regarding the Obligations or the advisability of investing in the Obligations and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Ambac Assurance and presented under the heading FINANCIAL GUARANTY INSURANCE POLICY.

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N. W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statement and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the office of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

- (1) The Company's Current Report on Form 8-K dated January 23, 2003 and filed on January 24, 2003;
- (2) The Company's Current Report on Form 8-K dated February 25, 2003 and filed on February 28, 2003;
- (3) The Company's Current Report on Form 8-K dated February 25, 2003 and filed on March 4, 2003;
- (4) The Company's Current Report on Form 8-K dated March 18, 2003 and filed on March 20, 2003;
- (5) The Company's Current Report on Form 8-K dated March 19, 2003 and filed on March 26, 2003;
- (6) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and filed on March 28, 2003;

- (7) The Company's Current Report on Form 8-K dated March 25, 2003 and filed on March 31, 2003; and
- (8) The Company's Current Report on Form 8-K dated April 17, 2003 and filed on April 21, 2003.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

SALES TAX COLLECTIONS

Kansas Local Option Sales Tax - General

Kansas statutes generally provide both cities and counties with the authority to levy a sales tax of up to one cent per \$1.00 (1.0%) on retail sales within their boundaries. Cities and counties can, through special state legislation, exceed the one-cent limit. These "local option sales taxes" are in addition to the state sales tax of 5.3% currently imposed on the sale of all retail goods within the State. In order to impose a local option sales tax, the governing body of a city or county must first receive approval by a majority of local voters.

The collection of sales tax is the responsibility of the Kansas Department of Revenue. The local option sales tax is collected at the same time and in the same manner as the state sales tax. Revenue from the local tax is deposited into a designated fund at the State Treasury and remitted monthly to the city or county treasurer.

The State does not keep any of the revenue from local option sales taxes. Revenues from citywide local option sales taxes are retained entirely by the levying city. Except when directed otherwise by special legislation (such as is set for in the Act with respect to the Bonds) or interlocal agreements, revenue from a countywide local option sales tax is divided between the levying county and the cities located within the county based on population and relative property tax levy. The State bears all administrative costs of collecting and distributing sales tax.

Sales tax in Kansas, both state and local, is levied upon the retail sale of tangible personal property and rendering of services (except services rendered in the original construction of a building, facility, bridge, highway, or residence) including, but not limited to, the sale of clothing, automobiles, food, furniture, lumber and building materials, farm and garden produce, office equipment, hotel and motel rooms, restaurant food and beverages, admissions to recreational and entertainment events, coin operated vending machines (except laundry), dry cleaning, and cable television services. The sale of non-commercial intrastate telephone and telegraph services and natural gas, electricity, heat and water delivered through lines or mains for residential or agricultural use are exempt from the state sales tax, but are not exempt from the local option sales tax. Likewise, propane gas, LP gas, and other fuel sources for residential heating or lighting are exempt from the state sales tax but not exempt from the local option sales tax. A city or county may not grant a sales tax exemption.

Local Option Sales Tax

On November 5, 2002, voters in the County approved a one-fourth percent (1/4%) countywide retailers sales tax (the "Sales Tax"). The Sales Tax shall commence on April 1, 2003 and shall expire upon the payment of all costs incurred in the financing of such construction and remodeling of the Project, including the retirement of the Series 2003-A Bonds, any additional bonds supported by a pledge of the Sales Tax, or any bonds issued to refund such debt. Proceeds from the Sales Tax are to be used solely for payment of costs associated with the renovation, improvements, and additions to the existing jail and law enforcement center of the County.

The Act provides that collections of the Sales Tax can be retained solely by the County and not shared with the cities within the County. Proceeds from the collection of the Sales Tax are pledged for the payment of the Bonds.

Historical Countywide Sales Tax Collections

In 1982 the voters of the County approved a 1% countywide local option sales tax. The State of Kansas levies a 5.3% tax. Sales tax collections are the responsibility of the Kansas Department of Revenue. The Department of Revenue distributes the local option sales taxes on a monthly basis. Countywide local option sales taxes are distributed between the levying county and the cities located within the county based on population and relative-tax levies. The County typically keeps approximately 50% of the total collections from its countywide local option sales tax. According to the Kansas Department of Revenue, the following table lists the total receipts from the countywide local-option sales tax as of December 31 in the years indicated.

<u>Year</u>	<u>Total Sales Tax Receipts</u>
2002	\$3,818,276
2001	3,903,470
2000	3,852,644
1999	3,469,886

Largest State Sales Tax Remitters

The Kansas Department of Revenue provides information concerning remitters of the state sales tax by county. In order to protect the confidentiality of businesses remitting the tax, the Department of Revenue provides information based on general business classification. There are a total of approximately 75 different business classes.

Based on business classification for fiscal year ending June 30, 2002, the top ten remitters of sales tax in the County are comprised of grocers, utilities, discount retail and department stores, and automobile services. The top ten remitters contribute approximately 35% of the sales tax for the County, with the top remitter contributing 9.8%.

Since certain services are subject to a local option sales tax which are not subject to the state sales tax (see SALES TAX COLLECTIONS – “Kansas Local Option Sales Tax-General”) it is anticipated that each individual business classification listed above will remit a smaller percentage of the County’s total Sales Tax.

Projected Coverage

The Series 2003-B Bonds shall be general obligations of the Issuer payable as to both principal and interest from a pledge of revenues received by the Issuer from the Sales Tax, and if not so paid, 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 Act provides that before the governing body of any city or county issue general obligation bonds as authorized therein, the governing body shall cause to be prepared a comprehensive feasibility study showing that the revenues received from countywide retailers’ sales tax would be sufficient to retire such bonds. The Issuer has received such a report, the majority of which is summarized below. While the future ability of the Issuer to meet its obligations under the Series 2003-A Bond Resolution is based upon assumptions and business judgments which the Issuer believes are reasonable and appropriate, they are subject to conditions which may change in the future to an extent that presently cannot be determined. Thus, no assurance can be given that revenues will be realized by the Issuer in amounts sufficient to pay the principal of and interest on the Series 2003-A Bonds as they become due.

Should such revenues be insufficient to pay the principal of and interest on the Series 2003-A Bonds as they become due, ad valorem taxes 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. It should be noted however, that such ad valorem taxes are levied based upon the annual budget of the Issuer. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted prior to August 25 of each year. See FINANCIAL INFORMATION – “Budgeting Procedures” for a more detailed explanation. Therefore, while the full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Series 2003-A Bonds as the same

become due, no assurance can be given that should the revenues received by the Issuer from the Sales Tax be insufficient to pay the principal of and interest on the Series 2003-A Bonds, the levy and collection of the necessary ad valorem taxes be incurred in a timely fashion.

Based on an average of sales tax collections over the last four years, the County estimates that gross receipts from the 2003 Sales Tax will exceed debt service requirements on the Bonds approximately as follows.

Annual Sales Tax Receipts	\$940,267
Average Annual Debt Service Requirement	\$590,000
Coverage	1.59X

Future Sales Tax Bonds

The County has no current plans for issuance of additional sales tax supported bonds.

THE PROJECT

Proceeds from the sale of the Series 2003-A Bonds will be used by the County for renovations, improvement, and additions to the existing jail and law enforcement center of the County

SOURCES AND USES

The following is a statement of estimated sources and uses of funds for the Project.

Sources:

Proceeds from the Series 2003-A Bonds	\$4,942,000.00
Accrued Interest	<u>4,515.38</u>
Total Sources	\$4,946,515.38

Uses:

Project Fund	\$4,872,000.00
Issuance Costs	70,000.00
Debt Service Fund	<u>4,515.38</u>
Total Uses	\$4,946,515.38

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**FINANCIAL OVERVIEW
BARTON COUNTY, KANSAS**

2002 Estimated Actual Valuation (1)	\$ 1,023,214,404.00
2002 Assessed Valuation (2)	\$ 188,487,447.00
Outstanding General Obligation Bonds	\$ 7,472,000.00
Population (2000 U. S. Census Bureau)	28,944
General Obligation Debt Per Capita	\$ 258.15
Ratio of General Obligation Debt to Estimated Actual Valuation	0.73%
Ratio of General Obligation Debt to Assessed Valuation	3.96%
Outstanding Lease Purchase Obligations	\$ 0.00
Outstanding Temporary Notes	\$ 0.00
Overlapping and Underlying General Obligation Debt (3)	\$ 46,453,961.00
Direct, Overlapping, and Underlying General Obligation Debt (4)	\$ 53,925,961.00
Direct, Overlapping, and Underlying Debt Per Capita	\$ 1,863.11
Ratio of Direct, Overlapping, and Underlying Debt to Estimated Actual Valuation	5.27%
Ratio of Direct, Overlapping, and Underlying Debt to Assessed Valuation	28.61%

- (1) For a further description of how Estimated Actual Valuation is calculated and additional historical figures, see the section titled FINANCIAL INFORMATION - "Estimated Actual Valuation".
- (2) Includes real property, personal property and state assessed utility valuations which were released in November 2002 and were used in calculating mill levies for the County's 2002/03 budget year. Motor vehicle valuations were released in January 2003. See FINANCIAL INFORMATION - "Property Valuation".
- (3) For a more detailed explanation of the overlapping and underlying debt of other jurisdictions see DEBT STRUCTURE - "Overlapping and Underlying Indebtedness".
- (4) Includes general obligation bonds and temporary notes of the County and general obligation bonds of overlapping and underlying jurisdictions.

BARTON COUNTY, KANSAS

Location and Size

The County encompasses approximately 895 square miles and is located in the south central part of Kansas. The City of Great Bend, the county seat, is approximately 246 miles west of Kansas City, and approximately 102 miles away from Wichita, Kansas. The County is in one of the largest wheat producing areas in the world.

In 2000, the U. S. Census Bureau established the County's population at 28,944. The incorporated cities of Albert, Claflin, Ellinwood, Galatia, Great Bend, Hoisington, Olmitz, Pawnee Rock, and Susank are all located within the County's boundaries.

Organization and Government

The County was founded in 1872 and is governed by a Board of County Commissioners. The Board is composed of three commissioners elected to four-year terms, as well as two appointed commissioners. The members appoint the chairman of the Commission. The Commissioners receive salaries, perform both executive and legislative functions, and are responsible for all policies and decisions regarding County government.

Elected Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kirby Krier	Chairperson	January 2005
Bill Ernsting (Appointed)	Commissioner	January 2005
Jan Crissman (Appointed)	Commissioner	January 2005
Pat Keenan	Commissioner	January 2005
Kenny Schremmer	Commissioner	January 2007
Donna Zimmerman	County Clerk	January 2005

Jan Karlin serves as County Treasurer and Richard Boeckman serves as County Counselor. Excluding sheriff officers, there are currently 142 full-time and 22 part-time employees in the County government. There are no unions or bargaining units representing County employees.

Kansas Public Employees Retirement System (KPERs)

The County participates in the Kansas Public Employees Retirement System (KPERs) which was established by the 1961 Kansas Legislature. There are approximately 182,880 current and former public employees in Kansas who are members of the Kansas Public Employees Retirement System. These members represent over 1,200 state and local agencies and include the State; all counties; unified school districts, community junior colleges, and area vocational technical schools; various cities; and other instrumentalities. The KPERs program covers all of the County's regular employees.

The purpose of the KPERs program is to provide an orderly means of financing the pension benefits of retiring public employees and to extend life insurance coverage, long-term disability and service-connected death and disability benefits to members and their beneficiaries.

County employees annually contribute 4.0% of their gross salaries to the System. The County's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by the actuary of the KPERs program. For 2003, the County will contribute 3.67% of each employee's gross salary.

Police and Fire Protection

In addition to services provided by local communities, the County employs 36 full-time and 2 part-time sheriff officers that provide continuous protection countywide. One organized fire district and local communities provide fire protection throughout the County.

Population

The following is a list of population figures for the County and the City of Great Bend for selected years.

<u>Year</u>	<u>City of Great Bend</u>	<u>Barton County</u>
2000	15,345	28,205
1999	16,055	28,658
1998	16,021	28,936
1997	15,922	29,102
1996	15,840	29,049
1995	15,744	29,243
1994	15,663	29,455
1993	15,648	29,504
1992	15,572	29,632
1991	15,554	29,377
1990	15,560	29,382

Cities

The following is a list of the incorporated cities located in the County, their appropriate classes, and their 2000 U. S. Census Bureau populations.

<u>City</u>	<u>Class</u>	<u>Population</u>
Albert	Third	181
Claflin	Third	705
Ellinwood	Third	2,164
Galatia	Third	61
Great Bend	Second	15,345
Hoisington	Second	2,975
Olmitz	Third	138
Pawnee Rock	Third	356
Susank	Third	57

Major Employers

Listed below are some of the major employers located in the County and the approximate number employed by each.

<u>Employer</u>	<u>Business</u>	<u>Number of Employees</u>
U.S.D. #428	Elementary and Secondary Education	670
Central Kansas Medical Center	Healthcare	574
Barton County Community College	Post Secondary Education	530
CPI Qualified Plan Consultants	Pension Accounting	391
Great Bend Packing Company	Meat Packing	340
Fuller Brush	Household Products	310
Superior Essex	Telephone Wiring	223
Barton County	Government	215
Wal-Mart	Discount Retail	183
Sunflower Diversified Services	Developmentally Disabled	160
City of Great Bend	City Government	150
Becker Tire and Treading	Tire Retreading/Sales	125

Source: Respective company and municipality officials

Unemployment

The following table provides the unemployment rates for the years indicated for the County and the State of Kansas:

<u>Year</u>	<u>Barton County</u>	<u>State of Kansas</u>
2002 (December)	3.3%	4.2%
2001	2.7	4.3
2000	3.4	3.7
1999	3.0	3.0
1998	3.7	3.8
1997	3.2	3.8
1996	4.1	4.5

Source: Kansas Department of Human Resources

Educational Facilities

Four unified school districts and three private schools serve the elementary and secondary education needs of the majority of the County. Barton County Community College, located north of Great Bend, has an estimated enrollment of 5,174 students. The College offers four undergraduate degrees with majors in 60 areas.

Transportation

Barton County has numerous means of transportation available to the community. Residents have direct access to U. S. Highways 281 and 56, and Kansas Highways 96 and 156. Nine freight companies provide motor freight service in Great Bend with direct and connecting schedules to all cities in the United States.

The Central Kansas Railway provides rail service for the County with lines radiating from the City of Great Bend in four directions. Additionally, sixteen over road common carriers with seven terminals located in Great Bend are available. Several national companies provide overnight mail and parcel service.

Great Bend Municipal Airport has an 8,000-foot paved and lighted runway and provides service for small and private aircraft. U. S. Air Express provides daily commuter service to Kansas City, Missouri. Mid Continent Airport is located in Wichita and provides commercial air service through the major airline companies.

Medical and Health Facilities

Central Kansas Medical Center, located in the City of Great Bend, is a two-campus, 121-bed facility serving both the County and the surrounding rural areas. Additionally, Clara Barton Hospital and the Ellinwood District Hospital provide hospital services to the County. Two medical clinics also operate in the City of Great Bend. Approximately 72 doctors and 14 dentists practice in the County. Several facilities providing mental health services, counseling, services for the elderly, and alcohol and drug dependency treatment programs are located in Barton County.

Recreation and Cultural Facilities

Recreational and cultural facilities available include parks, swimming pools, numerous ballparks and playing fields, drag racing, rodeo grounds, ice skating rink, fairgrounds, municipal gymnasium and fitness center, 700-seat community theater, community concerts, bowling alley, and racquetball and tennis courts. The Great Bend Recreation Commission and numerous private entities offer a wide range of recreational and leisure activities for all ages.

Brit Spagh Park, a 46-acre recreational facility operated by the City of Great Bend, provides a zoo, swimming pool, ball fields, tennis courts, basketball court, horseshoe pits, and picnic and playground facilities. Veteran's Park, a 78-acre facility operated by the City of Great Bend, provides fishing, canoeing, tennis courts, ballfields, basketball courts, sand volleyball court, picnic facilities, and fitness trail. Stone Lake, a 43-acre facility operated by the City of Great Bend, provides fishing and picnic facilities. The Club at Stoneridge offers a private 18-hole country club golf course, pool and additional recreational activities. Club West offers a membership-only swimming pool.

Lake Barton, located in the County provides an 18-hole golf course. Seven wildlife areas are located in the County and provide public hunting opportunities. Cheyenne Bottoms Wildlife Area is a 19,000-acre nature refuge located near the City of Great Bend.

Barton County Community College provides the community with dramatic productions, concerts, theater, recitals and guest lecturers as well as a complete range of sporting events.

Media

The *Great Bend Tribune* has a daily circulation of approximately 7,463. Additional print media is available from *Hoisington Dispatch*, *Ellinwood Leader*, *Hutchinson News* and the *Wichita Eagle*.

Three television stations consisting of the three major network affiliates service the Great Bend area. Cox Communication also provides cable television service to paying customers. Four local radio stations serve the City in addition to stations received from surrounding cities.

Utilities

For residents residing in Great Bend, Midwest Energy and Aquila supply retail electric power. Retail natural gas is supplied by KGS (Kansas Gas Service), a wholly owned subsidiary of Ameob, Inc. Sewerage collection and treatment is provided by City-owned facilities. The City of Great Bend began providing water and sewer services to its citizens in 1999. The City's wastewater treatment plant currently treats approximately 1.9 million gallons per day with a capacity of 7 million gallons daily.

The City of Ellinwood provides its residents with electric, water and sewer services and KPL Gas Service provides natural gas. The City of Hoisington supplies its residents with electric and water service and Kansas Gas Service supplies natural gas.

There are five primary telephone service providers within the County, including SBC, Rural Telephone, Golden Belt Telephone, H and B, and Sprint. Cellular phone service is also available in the County. Private contractors provide refuse service.

Banking Institutions

There are currently five banks with ten banking offices located in the County. Of the five banks, four are headquartered in the County and as of December 31, 2001 reported deposits exceeding \$381.8 million. In addition, there are three savings and loan institutions located in the County.

DEBT STRUCTURE

General Obligation Bonds

Upon issuance of the Series 2003-A Bonds, the outstanding general obligation bonded indebtedness of the County will be as follows:

<u>Purpose</u>	<u>Series</u>	<u>Dated</u> <u>Date</u>	<u>Original</u> <u>Principal</u> <u>Amount</u>	<u>Amount</u> <u>Outstanding</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>
Refuse Disposal Improvements	2001-A	05-15-01	\$2,720,000	\$2,530,000	09-01-11
Sales Tax Improvement Bonds	2003-A	05-15-03	4,942,000	4,942,000	09-01-13
				<u>\$7,472,000</u>	

Lease Purchase Obligations

Upon issuance of the Series 2003-A Bonds, the County will have no outstanding lease purchase obligations.

Temporary Notes

Upon issuance of the Series 2003-A Bonds, the County will have no temporary notes outstanding.

Overlapping and Underlying Indebtedness

The following statement shows the estimated general obligation indebtedness for municipal jurisdictions whose boundaries overlap and underlie those of the County. All debt is as of April 15, 2003 unless otherwise noted.

<u>Jurisdiction</u>	<u>General Obligation</u> <u>Bonds Outstanding</u>	<u>Percent</u> <u>Applicable</u>	<u>Applicable</u> <u>to County</u>
City of Great Bend	\$ 7,289,040	100.00%	\$ 7,289,040
City of Ellinwood	774,000	100.00	774,000
City of Hoisington	346,500	100.00	346,500
City of Pawnee Rock	58,000	100.00	58,000
Unified School District #354	250,000	100.00	250,000
Unified School District #431	12,058,106	100.00	12,058,106
Unified School District #428	20,670,000	97.58	20,168,999
Unified School District #355	<u>6,188,000</u>	89.03	<u>5,509,315</u>
	<u>\$47,633,646</u>		<u>\$46,453,961</u>

Note: Small portions of Barton County are served by school districts with home offices located in adjacent counties. Overlapping debt from these counties is not included in the above figures.

Legal Debt Limits

Counties within Kansas are permitted to issue bonds in an aggregate amount not to exceed 3% of the total assessed valuation of the county. K.S.A. 10-307 specifically exempts bonds issued for the following purposes from inclusion in the calculation of legal debt limits: to finance hospitals or medical buildings; to construct or modify courthouse, jail or law enforcement facilities, so long as they are supported by sales taxes; to refund outstanding bonds; and bonds payable from revenue sources other than the general taxing authority of the county. Other statutes provide additional exemptions from debt limit calculations for bonds issued for certain purposes. In addition, K.S.A. 19-2658 *et seq.* specifically exempts the Bonds from the debt limit.

Annual Debt Payments

The following is a list of annual debt service requirements for the Bonds. All amounts are rounded to the nearest whole dollar.

<u>Year</u>	<u>Outstanding Bonds</u>		<u>Series 2003-A Bonds*</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2003	\$ 235,000	\$ 114,527	\$ -	\$ -	\$ 349,527
2004	245,000	102,190	407,000	175,347	929,537
2005	260,000	89,695	455,000	125,286	929,981
2006	270,000	76,695	465,000	113,911	925,606
2007	280,000	65,625	475,000	102,286	922,911
2008	290,000	54,005	485,000	90,411	919,416
2009	305,000	41,825	495,000	78,286	920,111
2010	315,000	28,710	510,000	65,293	919,003
2011	330,000	14,850	530,000	50,630	925,480
2012	-	-	550,000	34,730	584,730
2013	-	-	570,000	17,955	587,955
	<u>\$2,530,000</u>	<u>\$588,122</u>	<u>\$4,942,000</u>	<u>\$854,135</u>	<u>\$8,914,257</u>

*The Series 2003-A Bonds are payable from a pledge of revenues received by the Issuer from the Sales Tax, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the Issuer.

Future Borrowing Plans

After the issuance of the Series 2003-A Bonds, the County does not have any plans for future long-term debt. However, the County may decide to issue short-term debt for equipment needs.

Debt Payment Record

The County has no record of ever having defaulted in the payment of interest on or principal of its general obligation indebtedness.

FINANCIAL INFORMATION

Property Valuation

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

<u>Tax Year</u>	<u>Real Property</u>	<u>Personal Property (1)</u>	<u>State Assessed Utility</u>	<u>Motor Vehicles (2)</u>	<u>Total Assessed</u>
2002	\$111,524,637	\$25,345,442	\$23,383,446	\$28,233,922	\$188,487,447
2001	109,635,577	29,857,707	23,674,131	27,263,333	190,430,748
2000	108,104,635	23,623,550	24,096,571	25,465,037	181,289,793
1999	100,676,826	18,326,598	24,428,799	26,890,542	170,322,765
1998	98,251,315	23,370,975	24,042,264	27,383,463	173,048,017
1997	93,924,025	30,244,402	27,347,055	27,410,515	178,925,997
1996	93,053,098	25,733,827	26,879,793	27,131,714	172,798,432

- (1) Personal property includes the valuation of oil and gas wells located in the County. These valuations fluctuate annually due to the prevailing price of the commodities. The peak valuation year was 1997 at \$15,203,065 and the low year was 1999 at \$3,903,208. Year 2000 valuation for oil and gas was \$7,580,785.
- (2) The assessment rate on motor vehicles was lowered each year from 1996 through 2000. See FINANCIAL INFORMATION – “Property Assessment Rates”.

Estimated Actual Valuation

Based on appraised values provided by the County Clerk's Office, the following table provides estimated actual valuation for the County in the years indicated.

<u>Year</u>	<u>Estimated Actual Valuation</u>
2002	\$1,023,214,404
2001	1,019,105,027
2000	990,811,948
1999	926,923,934
1998	915,144,064
1997	908,450,557
1996	849,958,676

Largest Taxpayers

According to the County Clerk's Office, the following table sets forth the twelve largest taxpayers within the County according to the 2002 tax rolls. Assessed valuation figures include both real and personal property.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>
Westplains Energy	Electric Utility	\$4,507,804
Superior Telecommunications	Manufacturing	3,601,328
Natural Gas Pipeline	Gas Utility	3,406,135
Midwest Energy	Electric Utility	3,189,793
SBC	Telephone Utility	2,892,436
Kansas Gas Service	Gas Utility	2,090,545
Northern Natural Gas	Gas Utility	1,585,437
Fuller Brush	Manufacturing	1,571,313
John Morrell Company	Packing Plant	1,196,357
Chase Transportation Company	Fluid Pipeline-Utility	1,155,732
United Telephone Company	Telecom Utility	1,073,263
Wal-Mart	Discount Retail	881,859

Property Tax Collections

Tax statements are payable 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 June 20 of the following year. Taxes that are unpaid on the due dates are penalized at the rate of 8% per annum until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is published for three consecutive weeks prior to the first Tuesday in September of each year and sold by the County for taxes and all legal charges. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties that are subject to foreclosure sale after three years.

Personal property 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, 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. According to the County Clerk's Office, the following table sets forth property tax collection information for the County during the years indicated.

<u>Year</u>	<u>Taxes Levied</u>	<u>Current Taxes Collected</u>	<u>Current Percent Collected</u>	<u>Delinquent Taxes Collected</u>	<u>Current & Delinquent Percent Collected</u>
2002*	\$5,468,373	\$2,952,740	54.00%	(in progress)	
2001	5,561,699	5,304,733	95.30	\$154,215	98.10%
2000	5,049,560	4,844,817	95.90	109,703	98.10
1999	4,802,111	4,673,669	97.33	78,767	98.97
1998	4,529,109	4,391,058	96.95	74,755	98.60
1997	4,174,838	4,079,591	97.72	58,893	99.13
1996	3,557,983	3,475,473	97.68	30,792	98.55

*Remaining taxes due on or before June 20.

Property Tax Levies

The County may levy taxes in accordance with the requirements of its adopted budget. The County Clerk determines property tax levies based upon the assessed valuations and spreads the levies on the tax rolls. The following table gives the mill levy fund per \$1,000.00 assessed valuation of the County for the last five years.

	<u>2001 for 2002</u>	<u>2000 for 2001</u>	<u>1999 for 2000</u>	<u>1998 for 1999</u>	<u>1997 for 1998</u>
General	9.988	13.820	11.932	14.528	11.708
Road and Bridge	9.134	9.752	8.151	5.915	6.529
Health	1.185	1.285	1.013	.975	.955
Noxious Weed	2.268	1.721	2.158	2.031	1.992
Mental Health	.506	.293	.986	1.077	1.042
Ambulance	2.023	1.973	2.024	2.169	1.915
Mental Retardation	.425	.295	.989	1.053	1.219
Employee Benefit	7.199	3.537	4.715	5.409	5.476
Special Liability	.182	.175	.184	.210	.144
Unemployment	.094	.091	.094	.047	.014
Special Bridge	1.000	1.013	-	-	-
Cemetery	.053	.052	.064	-	-
Total Mill Levy	34.057	34.007	32.310	33.414	30.994

In addition to the mill levy for county purposes, property taxpayers within the County are also subject to tax levies for overlapping and underlying jurisdictions. As an example of a typical taxpayer in the County, the following table presents the total mill levies for property owners in the City of Great Bend.

	<u>1997 for 1998</u>	<u>1998 for 1999</u>	<u>1999 for 2000</u>	<u>2000 for 2001</u>	<u>2001 for 2002</u>
Barton County	30.994	33.414	32.310	34.007	34.057
City of Great Bend	45.095	44.875	38.425	39.276	39.944
U.S.D. #428	51.806	53.717	54.621	53.702	54.775
State	1.500	1.500	1.500	1.500	1.500
Recreation Commission	4.853	-	-	-	-
Junior College	33.107	34.669	30.752	28.448	29.902
Total	167.355	168.175	157.608	156.933	160.178

Source: Barton County Clerk's Office and the *Kansas Tax Rate and Fiscal Data Book*

Building Permits

The following table shows the total volume and estimated valuation of residential and commercial building permits authorized by the City of Great Bend for new construction during the years indicated. Permits issued for additions and alterations are not included in this table.

<u>Year</u>	<u>New Single Family Dwellings</u>		<u>Other New Construction</u>	
	<u>Number</u>	<u>Cost</u>	<u>Number</u>	<u>Cost</u>
2001	11	\$1,319,000	12	\$2,323,157
2000	11	1,295,535	8	3,387,807
1999	24	2,684,666	7	1,625,570
1998	9	1,070,000	21	4,661,498
1997	6	494,369	12	2,814,330

Source: City of Great Bend, Kansas

Budgeting Procedures

Applicable Kansas statutes require that budgets be legally adopted for all funds (including debt service and enterprise funds) unless exempted by a specific statute. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide that the budget for the succeeding calendar year must be prepared on or before August 1 and published on or before August 5 of each year. A public hearing is required to be held on or before August 15, with the final budget being adopted on or before August 25 of each year. Original appropriations may be modified by supplemental appropriations and transfers among budget categories. The county commission must approve all significant changes.

Kansas law prohibits counties and other governmental units from creating indebtedness unless there is money on hand in the proper fund unencumbered by previous commitments with which to pay the indebtedness. The execution of a contract, or the issuing of a purchase order, automatically encumbers the money in the fund for the payment of the amount represented by the commitment. It makes no difference that the amount may not have to be paid until more moneys are in the fund or until the following year. An exception to this cash basis law is the issuance of debt, in the form of bonds, notes, or warrants, pursuant to statutory authority, referendum or the State Board of Tax Appeals. In the event debt is issued, funds need not be on hand for future payments.

Appraisal and Assessment Procedures

The determination of appraised and assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines the appraised valuation of property located in the County. The Appraiser's determination is based on a number of criteria established by Kansas statute. All property, with the exception of agricultural land, is appraised based on estimated fair market value. Agricultural property is appraised based on productivity value. Kansas statutes require that each parcel of real property be reviewed and inspected by the county appraiser once every six years for taxation purposes. Once appraised valuations have been determined, they are multiplied by the applicable statutory assessment rates to arrive at the assessed valuations. The total assessed valuation is then used to establish property tax rates.

Property Assessment Rates

In order to determine the assessed valuation of a parcel of property for taxation purposes, the county appraiser multiplies the appraised value of the parcel by the applicable assessment rate. Current property assessment rates were established in 1986, effective in 1989, and slightly modified in 1992. The most significant 1992 modifications involved lowering the assessment rate on commercial and industrial real property from 30% to 25% and on residential property from 12% to 11.5%. The following table shows the current assessment rates for the different classes of taxable tangible property within the State of Kansas.

<u>Real Property:</u>	
Residential	11.5%
Commercial and Industrial- Real Property	25.0
Agricultural Land (1)	30.0
Agricultural Improvements	25.0
Vacant Lots	12.0
Not-for-Profit	12.0
All Other	30.0
<u>Personal Property:</u>	
Mobile Homes	11.5%
Commercial & Industrial Machinery & Equipment	25.0
All Other	30.0
<u>Utilities:</u>	
Railroads	federally mandated rate
All Other Public Utilities	33.0%
<u>Motor Vehicles:</u>	20.0% (2)
<u>Property Exempt:</u>	

Property used for the following purposes, or portions thereof, are exempt from taxation provided certain statutory requirements are met: religious, educational, literary, scientific, benevolent, alumni associations, veterans' organizations, or charitable purposes, including parsonages and community service organizations providing humanitarian services.

- (1) Agricultural land is valued based on the productivity value of the property and not estimated market valuation.
- (2) Effective January 1, 1996, the applicable assessment rates on motor vehicles was reduced from 30% of market value to 20% of market value over a five-year period in the following increments: 1996-28.5%; 1997-26.5%; 1998-24.5%; 1999-22.5%; and 2000-20.0%.

Equalization Ratios

Annually, the Property Valuation Division of the Kansas Department of Revenue conducts a study to compare the assessed valuation of real property to estimated market value based on property sale prices. The study derives an "equalization ratio" (expressed as a percentage) which, when divided into assessed valuation, provides a means to approximating actual market value. According to the 2000 Real Estate Ratio Study, the equalization ratio for residential real property in the County was 11.21%, and the equalization ratio for commercial and industrial real property was 22.60%.

LEGAL MATTERS

Approval of Series 2003-A Bonds

All matters incident to the authorization and issuance of the Series 2003-A Bonds are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel expresses no opinion as to the accuracy or sufficiency of the Official Statement, except for the matters appearing in the sections of this Official Statement captioned THE SERIES 2003-A BONDS, LEGAL MATTERS and APPENDIX A - SUMMARY OF FINANCING DOCUMENTS.

Opinion of Bond Counsel

Federal Tax Exemption. In the opinion of Bond Counsel, under existing law, the interest on the Series 2003-A Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in this paragraph are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2003-A Bonds in order that interest thereon be, or continue to be, excluded 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 interest on the Series 2003-A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2003-A Bonds. The Series 2003-A Bonds have been designated as "qualified tax-exempt obligations" for purposes of Code §265(b).

Original Issue Discount. In the opinion of Bond Counsel, subject to the conditions set forth above, the original issue discount in the selling price of each Series 2003-A Bond originally sold at a price of less than 100% (hereinafter referred to as the "OID Bonds"), to the extent properly allocable to each owner of such Series 2003-A Bond, is excluded from gross income for federal income tax purposes with respect to such owner. Original issue discount is the excess of the stated redemption price at maturity of an OID Bond over the initial offering price to the public (excluding underwriters and intermediaries) at which price a substantial amount of the OID Bonds were sold. Under Code § 1272 and 1288, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues during any accrual period generally equals (a) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (b) the yield to maturity of such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (c) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such OID Bond. Owners of OID Bonds should consult with their individual tax advisors to determine whether they are required to include, for State and local income tax purposes, an amount of interest on the OID Bonds as income even though no corresponding cash interest payment is actually received during the tax year.

Tax Treatment of Premium on the Bonds. Certain maturities of the Series 2003-A Bonds will be reoffered at a price in excess of the principal amount thereof (the "Premium Bonds"). Under the Code, the difference between the purchase price (excluding accrued interest) and the principal amount of Premium Bonds to an Owner (other than an Owner who holds a Premium Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium". Bond premium is amortized over the term of a Premium Bond for federal income tax purposes, and an Owner is required to decrease his cash basis in a Premium Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Premium Bond. The amount of the amortizable bond premium attributable to each tax year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Premium Bondowners should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to the state and local consequences of owning and disposing of Premium Bonds.

Kansas Tax Exemption. The interest on the Series 2003-A Bonds is exempt from Kansas income taxation.

Other Tax Consequences. Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Series 2003-A Bonds. However, prospective purchasers of the Series 2003-A Bonds should be aware that there may be tax consequences of purchasing the Series 2003-A Bonds other than those discussed under the caption "Opinion of Bond Counsel," including the following: (a) Code §265 denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2003-A Bonds or, in the case of a financial institution, that portion of such institution's interest expense allocable to interest on the Series 2003-A Bonds; (b) with respect to insurance companies subject to the tax imposed by Code §831, Code §832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds; (c) interest on the Series 2003-A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Code §884; (d) passive investment income, including interest on the Series 2003-A Bonds, may be subject to federal income taxation under Code §1375 for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year, if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; and (e) Code §86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Series 2003-A Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of the Series 2003-A Bonds should consult their own tax advisors as to the applicability of these tax consequences.

BOND RATING

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, has assigned the Series 2003-A Bonds a rating of "AAA" with the understanding that upon delivery of the Series 2003-A 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 rating reflects only the view of the rating agency and an explanation of the significance of such rating may be obtained therefrom. 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 rating agency establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating could have an adverse effect on the market price of the Series 2003-A Bonds.

ABSENCE OF MATERIAL LITIGATION

The Transcript of Proceedings will contain a certificate of non-litigation dated as of the closing date of the Series 2003-A Bonds and executed by the Issuer to the effect that there is no controversy, suit, or other proceedings 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 shown to have been done in the transcript leading up to the issuance of the Series 2003-A Bonds, or the constitutionality or validity of the indebtedness represented by the Series 2003-A Bonds shown to be authorized in the transcript, or the validity of the Series 2003-A Bonds or any of the proceedings in relation to the issuance or sale thereof, or the power of the Issuer to levy and collect ad valorem property taxes to pay the principal of and interest thereon.

UNDERWRITING

The Series 2003-A Bonds were purchased at public sale on May 12, 2003, by Stone & Youngberg LLC, San Francisco, California (the "Underwriter"), at a price equal to the par amount of the Bonds, plus a bid premium of \$9,786.56, plus accrued interest to the date of delivery.

UNDERTAKING TO PROVIDE ONGOING DISCLOSURE

The Securities and Exchange Commission (the "SEC") has promulgated amendments to its Rule 15c2-12 (the "Rule") requiring continuous secondary market disclosure for issues sold on or after July 3, 1995. The County has covenanted to comply with the provisions of the Rule; which covenant is enforceable by Beneficial Owners of the Bonds. Reference is made to APPENDIX A - SUMMARY OF FINANCING DOCUMENTS – "Continuing Disclosure Instructions" for the Summary of the Continuing Disclosure Instructions.

The County has never failed to comply with previous continuing disclosure undertakings, if any. Issuer contact is as follows: Barton County Clerk's Office, Barton County Courthouse, 1400 Main Street, Great Bend, Kansas 67530.

AUTHORIZATION OF OFFICIAL STATEMENT

The preparation and distribution of this Official Statement has been duly approved by the governing body of the County as of the date on the cover page hereof.

Dated May 12, 2003

BARTON COUNTY, KANSAS

By /s/ Kirby Krier
Chairperson, Barton County Commission

ATTEST:

/s/ Donna Zimmerman
County Clerk

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APPENDIX A

Summary of Financing Documents

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APPENDIX A

SUMMARY OF FINANCING DOCUMENTS

The following is a summary of certain provisions contained in the Bond Resolution authorizing the issuance of the Series 2003-A Bonds and the Continuing Disclosure Instructions. This summary does not purport to be complete and is qualified by reference to the entirety of the foregoing documents.

THE BOND RESOLUTION

DEFINITIONS

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

"Act" means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 12-187 *et seq.*, all as amended and supplemented from time to time.

"Additional Bonds" means any Bonds other than the Series 2003-A Bonds issued pursuant to and in accordance with the Bond Resolution.

"Additional Obligations" means any leases or other obligations of the Issuer payable from the Sales Tax Revenues, other than the Bonds.

"Ambac" shall mean Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance company.

"Arbitrage Instructions" means the Arbitrage Instructions attached to the Issuer's Federal Tax Certificate dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

"Authorized Denomination" means \$5,000 or any integral multiples thereof.

"Balloon Indebtedness" means Long-Term Indebtedness, 25% or more of the original principal amount of which becomes due (either by maturity or mandatory redemption) during any consecutive twelve-month period, if such principal amount becoming due is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such twelve-month period.

"Beneficial Owner" of Bonds includes any Owner of Bonds and any other Person who, directly or indirectly has the investment power with respect to any such 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: (a) with respect to the Series 2003-A Bonds, the financial guaranty insurance policy issued by the Bond Insurer on the date of delivery of the Series 2003-A Bonds guaranteeing the scheduled payment when due of the principal of and interest on the Series 2003-A Bonds as provided therein; and (b) with respect to Additional Bonds, the municipal bond insurance policy, financial guaranty bond or financial guaranty insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on such Additional Bonds, as set forth in the supplemental resolution authorizing such Additional Bonds.

"Bond Insurer" means: (a) with respect to the Series 2003-A Bonds, Ambac; and (b) with respect to Additional Bonds, the entity set forth in the supplemental resolution authorizing such Additional 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: (a) with respect to the Series 2003-A Bonds, the State Treasurer, and its successors and assigns; and (b) with respect to Additional Bonds, the entity designated as Bond Registrar in the supplemental resolution authorizing such Additional Bonds.

"Bond Resolution" means jointly the resolution passed by the governing Body of the Issuer authorizing the issuance of the Bonds and any supplemental resolution authorizing any Additional Bonds.

"Bonds" means the Series 2003-A Bonds and any Additional Bonds.

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

"Cede & Co." means Cede & Co., as nominee of DTC and any successor nominee of DTC.

"Chairman" means the duly elected and acting Chairman, or in the Chairman's absence, the duly appointed and/or elected Vice Chairman or Acting Chairman of the Issuer.

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

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder by the United States Department of the Treasury or applicable thereto.

"Consultant" means the Independent Accountant or an independent consultant qualified and having a favorable reputation for skill and experience in financial affairs selected by the Issuer for the purpose of carrying out the duties imposed on the Consultant 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 utilities, 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 any series of Bonds, including 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 financial ratings on any series of Bonds, and any premiums or expenses incurred in obtaining any credit enhancement.

"Costs of Issuance Account" means the account by that name created in the Bond Resolution.

"County" means Barton County, Kansas.

"Dated Date" means May 15, 2003.

"Debt Service Account" means the account by that name created in the Bond Resolution.

"Debt Service Coverage Ratio" means, for any Fiscal Year, with respect to Additional Bonds and Additional Obligations, the ratio determined by dividing (i) a numerator equal to the Sales Tax Revenues for such Fiscal Year by (ii) a denominator equal to the Maximum Annual Debt Service on all Indebtedness that does not constitute Subordinate Lien Bonds.

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

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

"Defeasance Obligations" means any of the following obligations:

- (a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or
- (b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:
 - (1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;
 - (2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;
 - (3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;
 - (4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;
 - (5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and
 - (6) the obligations are rated in the highest rating category by Moody's (presently "Aaa") or Standard & Poor's (presently "AAA").

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

"Disclosure Instructions" means the Continuing Disclosure Instructions dated as of the Issue Date of any series of Bonds relating to certain obligations contained in the SEC Rule.

"Discount Indebtedness" means Long-Term Indebtedness that is originally sold at a price (excluding accrued interest, but without deduction of any underwriters' discount) of less than 75% of the maturity amount including the amount of principal and interest to accrete at maturity of such Long-Term Indebtedness.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.

"Event of Default" means each of the following occurrences or events:

- (a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise; or
- (b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; 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) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

"Fiscal Year" means the twelve month period ending on December 31.

"Fitch" means Fitch Ratings, 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, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with notice to the Bond Insurer.

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

"Indebtedness" means collectively the Bonds and any Additional Obligations which are payable out of, or secured by an interest in, the income and Sales Tax Revenues derived by the Sales Tax.

"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.

"Insurance Trustee" means: (a) with respect to the Series 2003-A Bonds, The Bank of New York, New York, New York, as trustee or its successors; and (b) with respect to Additional Bonds, the entity as set forth in the supplemental resolution authorizing such Additional Bonds.

"Interest Payment Date(s)" means: (a) with respect to the Series 2003-A Bonds, the Stated Maturity of an installment of interest on the Series 2003-A Bonds which shall be March 1 and September 1 of each year, commencing March 1, 2004; and (b) with respect to Additional Bonds, the Stated Maturity of an installment of interest on such Additional Bonds, as set forth in the supplemental resolution authorizing such Additional Bonds.

"Issue Date" means the date when the Issuer delivers any series of Bonds to the Purchaser in exchange for the Purchase Price.

"Issuer" means the County and any successors or assigns.

"Long-Term Indebtedness" means Indebtedness having an original stated maturity or term greater than one year, or renewable or extendible at the option of the debtor for a period greater than one year from the date of original issuance or incurrence thereof.

"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.

"Maximum Annual Debt Service" means the maximum amount of Debt Service Requirements as computed for the then current or any future Fiscal Year.

"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.

"Outstanding" means, when used with reference to 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 pursuant to the Bond Resolution;
- (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 under the Bond Resolution; 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.

"Parity Bonds" means the Series 2003-A Bonds and any Additional Bonds hereafter issued that meet the conditional requirements of the Bond Resolution.

"Parity Obligations" means any Additional Obligations hereafter issued or incurred pursuant to the Bond Resolution and standing on a parity and equality with the Parity Bonds with respect to the Sales Tax Revenues.

"Parity Resolution" means the Bond Resolution and the resolutions under which any Additional Bonds which constitute Parity Bonds are hereafter issued.

"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: (a) with respect to the Series 2003-A Bonds, the State Treasurer, and its successors and assigns; and (b) with respect to Additional Bonds, the entity designated as Paying Agent in the supplemental resolution authorizing such Additional Bonds.

"Permitted Investments" shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative:

- (a) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (b) below), or
- (b) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;
- (c) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:
 - Export - Import Bank
 - Farm Credit System Financial Assistance Corporation
 - General Services Administration
 - U.S. Maritime Administration
 - Small business Administration
 - Government National Mortgage Association (GNMA)-debentures only
 - U.S. Department of Housing & Urban Development (PHA's)
 - Federal Housing Administration;
- (d) senior debt obligations rated "AAA" by Standard & Poor's and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and other senior debt obligations of other Government Sponsored Agencies approved by the Bond Insurer;
- (e) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (f) investments in a money market fund, the portfolio of which is comprised entirely of securities described in (b) or (c) above and is rated "AAA" or "AAAm-G" or better by Standard & Poor's;
- (g) pre-refunded municipal obligations defined as follows:

Any bonds or other obligations of the State or of any agency, instrumentality or local governmental unit of the State which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (1) which are rated, based on the escrow, in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or (2)(i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (b) above, which fund may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally

recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

- (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, and approved in writing by the Bond Insurer with notice to Standard & Poor's; and
- (i) interest bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located, which are fully insured by the Federal Deposit Insurance Corporation or collateralized with obligations described in paragraph (b) above; and
- (j) other forms of investments authorized in K.S.A. 10-131 which are approved in writing by the Bond Insurer with notice to Standard & Poor's.

"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.

"Project" shall mean the renovations, improvements and additions to the existing jail and law enforcement center of the Issuer and related appurtenances thereto referred to in the preamble to the Bond Resolution.

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

"Purchaser" means the financial institution or investment banking firm that is original purchaser of any series of Bonds.

"Put Indebtedness" means Long-Term Indebtedness which is (a) payable or required to be purchased or redeemed from the holder by or on behalf of the underlying obligor, at the option of the holder thereof, prior to its stated maturity date, or (b) payable or required to be purchased or redeemed from the holder by or on behalf of the underlying obligor, other than at the option of the holder, prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund, or other than by reason of acceleration upon the occurrence of an Event of Default under the Bond Resolution.

"Rating Agency" means Moody's, Standard & Poor's, Fitch and any other company, agency or entity that provides ratings for the Bonds.

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

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

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

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

"Replacement Bonds" means Bonds issued to the Beneficial Owners of the Bonds in accordance with the Bond Resolution.

"Sales Tax" means the one-fourth percent (1/4%) retailers' sales tax collected within the boundaries of the Issuer, which was authorized under the Act by the special election held on November 5, 2002, and implemented by a resolution of the Issuer which shall commence on April 1, 2003, and shall expire upon the payment of all costs incurred in the financing of such construction and remodeling of the Project (including the retirement of the Bonds).

"Sales Tax Revenue Fund" means the fund by that name created in the Bond Resolution.

"Sales Tax Revenues" means all sales tax revenues received by the Issuer from the collection of the Sales Tax.

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

"Securities Depository" means, initially, DTC, and its successors and assigns.

"Series 2003-A Bonds" means the Issuer's General Obligation Sales Tax Bonds, Series 2003-A.

"Short-Term Indebtedness" means Indebtedness having an original maturity less than or equal to one year from the date of original incurrence thereof, and not renewable or extendible at the option of the obligor thereon for a term greater than one year beyond the date of original issuance.

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

"Standard & Poor's" means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, 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 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.

"Subordinate Lien Bonds" means any Additional Bonds or Additional Obligations issued pursuant to the Bond Resolution which are subordinate in lien status to the Parity Bonds with respect to the Sales Tax Revenues.

"Surplus Account" means the account by that name created in the Bond Resolution.

"Term Bonds" means any Bonds designated as Term Bonds in the Bond Resolution or in any supplemental resolution authorizing the issuance of Additional Bonds.

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

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

"Variable Rate Indebtedness" means any Indebtedness which provides for interest to be payable thereon at a rate per annum that may vary from time to time over the term thereof in accordance with procedures provided in the instrument creating such Indebtedness.

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) Sales Tax Revenue Fund;
- (b) Project Fund;
- (c) Debt Service Account;
- (d) Surplus Account
- (e) Rebate Fund; and
- (f) Costs of Issuance Account.

The above Funds and Accounts shall be administered in accordance with the provisions of the Bond Resolution so long as the Series 2003-A Bonds are Outstanding.

Deposit of Series 2003-A Bond Proceeds. The net proceeds received from the sale of the Series 2003-A Bonds shall be deposited simultaneously with the delivery of the Series 2003-A Bonds as follows:

- (a) All accrued interest received from the sale of the Series 2003-A Bonds shall be deposited in the Debt Service Account.
- (b) An amount necessary to pay the costs of issuance shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Bonds shall be deposited in the Project Fund.

Application of Moneys in the Project Fund. Moneys in the Project Fund shall be used for the sole purpose of: (a) paying the costs of the Project; (b) paying interest on the Series 2003-A Bonds during construction of the Project; and (c) transferring any amounts to be Rebate Fund.

Withdrawals from the Project Fund shall be made only when authorized by the governing body of the Issuer supported by a certificate executed by the Issuer's Clerk (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Issuer's Clerk (or designate) stating that such payment is being made for a purpose within the scope of the Bond Resolution.

Upon completion of the Project, any surplus remaining in the Project Fund shall be deposited in the Debt Service Account.

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

Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance.

COLLECTION AND APPLICATION OF REVENUES

Sales Tax Revenue Fund. The Issuer covenants and agrees that from and after the delivery of the Series 2003-A Bonds, and continuing as long as any of the Bonds remain Outstanding and unpaid, all of the Sales Tax Revenues shall as and when received be paid and deposited into the Sales Tax Revenue Fund. Said Sales Tax Revenues shall be segregated and kept separate and apart from all other moneys, revenues, Funds and Accounts of the Issuer and shall not be commingled with any other moneys, revenues, Funds and Accounts of the Issuer.

Application of Moneys in the Sales Tax Revenue Fund. The Issuer covenants and agrees that from and after the delivery of the Series 2003-A Bonds and continuing so long as any of the Bonds shall remain Outstanding and unpaid, the Issuer will administer and allocate, as of the first day of each month, all of the moneys then held in the Sales Tax Revenue Fund in the following order, as follows:

(a) ***Debt Service Account.*** Beginning as of the first day of the month next ensuing after the issuance of the Series 2003-A Bonds, the Issuer shall deposit an amount (less accrued credits to such Debt Service Account) equal to: (i) an equal proportionate amount of the next maturing interest on the Series 2003-A Bonds; and (ii) an equal proportionate amount of the next maturing principal on the Series 2003-A Bonds; to the end that at all times one (1) month prior to maturity of interest or principal, on the Series 2003-A Bonds, there shall be sufficient moneys in the Debt Service Account for the payment of the maturing interest and principal on the Series 2003-A Bonds.

(b) ***Parity Bond Accounts.*** Each series of other Parity Bonds shall have established a separate Debt Service Account. Beginning as of the first day of the month next ensuing after the issuance of such other Parity Bonds,

the Issuer shall deposit an amount (less accrued credits to such Debt Service Account) equal to: (i) a pro-rata amount of the next maturing interest on such Parity Bonds; and (ii) a pro-rata amount of the next maturing principal on such Parity Bonds; to the end that at all times one (1) month prior to maturity of interest or principal, on such Parity Bonds, there shall be sufficient moneys in such Debt Service Account for the payment of the maturing interest and principal on such Parity Bonds.

All such transfers shall be made on a parity basis among all Debt Service Accounts within the Debt Service Account for Parity Bonds. The amounts transferred and credited to the various accounts within the Debt Service Account shall be used solely and exclusively for the payment of principal of and interest on the respective Parity Bonds when the same shall become due and payable. In addition thereto, there shall be transferred to the various accounts within the Debt Service Account sufficient sums to pay any fees and expenses of the Bond Registrar and Paying Agent for such Parity Bonds.

(c) **Surplus Account.** After all payments and credits required at the time to be made under the provisions of paragraphs (a) and (b) of this Section have been made, all moneys remaining in the Sales Tax Revenue Fund shall be paid and credited to the Surplus Account. Moneys in the Surplus Account may be expended and used for the following purposes as determined by the governing body of the Issuer:

- (1) Preventing default in, anticipating payments into or increasing the amounts in the Debt Service Account, or establishing or increasing the amount of any debt service account or debt service reserve account created by the Issuer for the payment of any Parity Bonds or Parity Obligations;
- (2) Pay the costs to construct, equip and furnish the Project not paid from the Project Fund;
- (4) To call, redeem and pay prior to Stated Maturity, or, at the option of the Issuer, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any bonds are callable), any Bonds, including principal, interest and redemption premium, if any.

No moneys from the Sales Tax shall be diverted to the general governmental or municipal functions of the Issuer. In the event that funds remain in any accounts established in the Bond Resolution and funded from the Sales Tax, after payment of the Bonds and any rebatable arbitrage in accordance with the Arbitrage Instructions, or provision is made therefore, and termination of the Sales Tax has occurred, such funds shall be deposited in, or remain in, the Surplus Account and may be used only for the Project. Withdrawals from the Surplus Account for such purposes shall be made and authorized in the same manner as withdrawals from the Project Fund.

Deficiency of Payments into Funds and Accounts. If at any time the Sales Tax Revenues derived from the levy and collection of the Sales Tax are insufficient to make any payment on the date or dates hereinbefore specified, the Issuer will make good the amount of such deficiency from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Transfer of Funds. All Funds and Accounts shall be held in trust for the benefit of the Owners of the Bonds at the time Outstanding. The Treasurer is authorized and directed to withdraw from the Funds and Accounts and transfer the same to the Paying Agent or sums sufficient to prevent a default in the punctual payment of the principal of and interest on the Bonds and the fees of the Bond Registrar and Paying Agent when the same become due. If, through lapse of time, or otherwise, the Owners of Bonds shall no longer be entitled to enforce payment of their obligations, it shall be the duty of the Paying Agent forthwith to 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.

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.

Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within six 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.

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 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 Arbitrage Instructions, 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 Project, earnings on the investment of such funds may 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, if any, 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, if any. 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, if any, absent a default by such 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 any Bond Insurer pursuant to a 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 such Bond Insurer, and such 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 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 it will not use or permit the use of any proceeds of Bonds or any other funds of the Issuer, will not take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds. The Issuer covenants and agrees that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner that would cause any Bond to be a "private activity bond" within the meaning of Code § 141(a), or to make or finance a loan to any Person other than the State or a political subdivision thereof.

Rebate Covenants. The Issuer covenants and agrees that it will pay or provide for the payment from time to time all amounts required to be rebated to the United States pursuant to the Code and the Arbitrage Instructions.

CONTINUING DISCLOSURE REQUIREMENTS

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

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

PARTICULAR COVENANTS

Covenant Not to Cancel Sales Tax. So long as any Bonds remain Outstanding, the Issuer will take no action, and will contest any action or attempted action, to cancel the Sales Tax or the collection of Sales Tax Revenues therefrom.

Termination of Sales Tax. When all costs associated with the financing of the construction of the Project have been paid (including the payment of the Debt Service Requirements on the Bonds, or provision has been made in accordance with the Bond Resolution), the Issuer will take such action as is necessary to cause termination of the collection of the Sales Tax. Subsequent to completion of construction of the Project, provision shall be made for the payment of the Outstanding Bonds

when there are sufficient moneys in the Funds and Accounts created in the Bond Resolution to provide for the payment thereof, at or prior to maturity, in accordance with the provisions of the Bond Resolution.

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, if the Sales Tax Revenues are not sufficient for such purpose, 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.

Financial Records and Reports. The Issuer will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the Issuer) in which complete and correct entries will be made of all dealings and transactions of or in relation to the Sales Tax Revenues and the Sales Tax. Such accounts shall show the amount of Sales Tax Revenues received from the Sales Tax, the application of such Sales Tax Revenues, and all financial transactions in connection therewith. Said books shall be kept by the Issuer according to generally accepted accounting principles.

Annual Budget. Prior to the commencement of each Fiscal Year, the Issuer will cause to be prepared and filed with the Clerk a budget setting forth the estimated Sales Tax Revenues for the next succeeding Fiscal Year. The Clerk, promptly upon the filing of said budget in the Clerk's office, will mail a copy of said budget to the Purchaser.

Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the Sales Tax Revenues for the preceding Fiscal Year by an Independent Accountant to be employed for that purpose. Said annual audit may be a component of the Issuer's overall audit.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of said audit shall be mailed to the Purchaser of the Bonds. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or Owner.

As soon as possible after the completion of such annual audit, the governing body of the Issuer shall review such audit, and if any audit shall disclose that proper provision has not been made for all of the requirements of the Bond Resolution and the Act, the Issuer covenants and agrees that, to the extent it has power to do so, it will promptly cure such deficiency and will promptly (within 60 days) proceed to take such actions as may be necessary to adequately provide for such requirements.

Owners' Right of Inspection. The Owner or Owners of any of the Bonds shall have the right at all reasonable times to inspect the records, accounts and data relating thereto, and any such Owner shall be furnished all such information concerning the Sales Tax Revenues which such Owner may reasonably request.

Performance of Duties. The Issuer will faithfully and punctually perform all duties and obligations with respect to the Sales Tax Revenues and the Sales Tax now or hereafter imposed upon the Issuer by the Constitution and laws of the State and by the provisions of the Bond Resolution.

ADDITIONAL BONDS

Senior Lien Bonds. The Issuer covenants and agrees that so long as any of the Parity Bonds remain Outstanding, the Issuer will not issue any Additional Bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the Issuer for the payment of moneys determined in accordance with generally accepted accounting principles consistently applied, including capital leases as defined by generally accepted accounting principles, payable out of the Sales Tax Revenues or any part thereof which are superior to the Parity Bonds.

Parity Bonds and Parity Obligations. The Issuer covenants and agrees that so long as any of the Parity Bonds remain Outstanding, it will not issue any Indebtedness which stands on a parity or equality with the Parity Bonds unless the following conditions are met:

(a) The Issuer shall not be in default in the payment of principal of or interest on any Parity Bonds or Parity Obligations at the time Outstanding or in making any payment at the time required to be made into the respective Funds and Accounts created by and referred to in the Bond Resolution or any Parity Resolution (unless such Indebtedness is being issued to provide funds to cure such default) nor shall any other Event of Default have occurred and be continuing;

(b) The Issuer shall deliver the following:

(1) **Long-Term Indebtedness.** A certificate signed by the Issuer evidencing *either* of the following:

(i) The Debt Service Coverage Ratio for the Fiscal Year immediately preceding the issuance of such Indebtedness, as reflected by information provided by the Independent Accountant, shall be not less than 1.25, including the Indebtedness proposed to be issued.

(ii) The estimated Debt Service Coverage Ratio (as determined by a Consultant), for the Fiscal Year immediately following the Fiscal Year in which the additions to the Project, the cost of which is being financed by such Indebtedness, is to be in commercial operation, shall be not less than 1.25, including the Indebtedness proposed to be issued. In the event that the Issuer anticipates additional Sales Tax Revenues as a result of expansion or modification of commercial activities in the Issuer by such Indebtedness, the Issuer may adjust the estimated Sales Tax Revenues in determining the Debt Service Coverage Ratio, by adding thereto any estimated increase in Sales Tax Revenues resulting from any increase in Sales Tax Revenues, which, in the opinion of the Consultant, are reasonable.

(2) **Short-Term Indebtedness.** A certificate signed by the Issuer evidencing any *one* of the following:

(i) The principal amount of all Outstanding Short-Term Indebtedness does not exceed 15% of the Sales Tax Revenues for the most recently ended Fiscal Year for which financial information is available from the Independent Accountant;

(ii) The Short-Term Indebtedness could be incurred under *subsection (b)(1)* hereof assuming it was Long-Term Indebtedness.

(iii) There is delivered to the Issuer a certificate of a Consultant to the effect that it is such Consultant's opinion that it is reasonable to assume that the Issuer will be able to refinance such Short-Term Indebtedness prior to its Stated Maturity in compliance with the provisions of this Section and the conditions described in *subsection (b)(1)* are met with respect to such Short-Term Indebtedness when it is assumed that such Short-Term Indebtedness is Long-Term Indebtedness maturing over 20 years (or such shorter period as such Consultant indicates is reasonable to assume in such statement) from the date of issuance of the Short-Term Indebtedness and bears interest on the unpaid principal balance at the Index Rate and is payable on a level annual debt service basis over a 20-year period (or such shorter period as such Consultant indicates is reasonable to assume in such statement).

(3) **Interim Indebtedness.** A certificate signed by the Issuer evidencing *either* of the following:

(i) The Interim Indebtedness could be incurred under *subsection (b)(1)* hereof assuming it was Long-Term Indebtedness.

(ii) There is delivered to the Issuer a certificate of a Consultant to the effect that it is such Consultant's opinion that it is reasonable to assume that the Issuer will be able to refinance such Interim Indebtedness prior to its Stated Maturity in compliance with the provisions of this Section and the conditions described in *subsection (b)(1)* are met with respect to such Interim Indebtedness when it is assumed that such Interim Indebtedness is Long-Term Indebtedness maturing over 20 years (or such shorter period as such Consultant indicates is reasonable to assume in such statement) from the date of issuance of the Interim Indebtedness and bears interest on the unpaid principal balance at the Index Rate and is payable on a level annual debt service basis over a 20-year period (or such shorter period as such Consultant indicates is reasonable to assume in such statement).

(c) When the issuance of Indebtedness of equal stature and priority is permitted by the Statutes of the State.

(d) The resolution authorizing such Indebtedness shall contain or provide for substantially the same terms, conditions, covenants and procedures as established in this Bond Resolution.

Additional Indebtedness issued under the conditions set forth in this Section shall stand on a parity with the Parity Bonds and Parity Obligations and shall enjoy complete equality or lien on and claim against the Sales Tax Revenues, and the Issuer may make equal provision for paying the Debt Service Requirements on such Indebtedness out of the Sales Tax Revenue Fund and may likewise provide for the creation of reasonable debt service accounts and debt service reserve accounts for the payment of the Debt Service Requirements on such Indebtedness and the interest thereon out of moneys in the Sales Tax Revenue Fund.

Subordinate Lien Bonds. Nothing shall prohibit or restrict the right of the Issuer to issue Indebtedness for any lawful purpose in connection with the Sales Tax and to provide that the Debt Service Requirements on such Indebtedness shall be payable out of the Sales Tax Revenues, provided at the time of the issuance of such Indebtedness the Issuer is not in default in the performance of any covenant or agreement contained in this Bond Resolution (unless such Indebtedness is being issued to provide funds to cure such default), and provided further that such Indebtedness shall be junior and subordinate to the Parity Bonds and Parity Obligations so that if at any time the Issuer shall be in default in paying either interest on or principal of the Parity Bonds or Parity Obligations, or if the Issuer is in default in making any payments required to be made by it under the provisions of the Bond Resolution, the Issuer shall make no payments of either principal of or interest on said Subordinate Lien Bonds until said default or defaults be cured. In the event of the issuance of any such Subordinate Lien Bonds, the Issuer, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said Subordinate Lien Bonds out of moneys in the Sales Tax Revenue Fund.

Refunding Bonds. The Issuer shall have the right, without complying with the above provisions, to issue Refunding Bonds for the purpose of refunding any of the Indebtedness under the provisions of any law then available, and the Refunding Bonds so issued shall enjoy complete equality of pledge as did the Indebtedness that was refunded.

CALCULATION OF DEBT SERVICE REQUIREMENTS

(a) ***Debt Service Requirements on Balloon, Put, Short-Term and Interim Indebtedness.***

(1) The principal of Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness being treated as Long-Term Indebtedness, or Interim Indebtedness shall be deemed due and payable at its Stated Maturity; provided, however, that at the election of the Issuer for the purpose of any computation of Debt Service Requirements, whether historical or projected, the principal deemed payable on Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness being treated as Long-Term Indebtedness, or Interim Indebtedness, shall be deemed to be payable as set forth below:

(A) If the Issuer has obtained a binding commitment of a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated "A" or better by any Rating Agency) to refinance such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or a portion thereof, including without limitation, a letter of credit or a line of credit, the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or portion thereof to be refinanced, may be deemed to be payable in accordance with the terms of the refinancing arrangement;

(B) If the Issuer has entered into a binding agreement providing for the deposit by the Issuer with a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated "A" or better by any Rating Agency), in trust (herein called a "Special Redemption Fund") of amounts, less investment earnings realized and retained in the Special Redemption Fund, equal in aggregate to the principal amount of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or a portion thereof, when due from the sums so deposited and investment earnings realized thereon, then the principal amount of the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or portion thereof, may be deemed to be payable in accordance with the terms of such agreement;

(C) If the Issuer has entered into arrangements or agreements with respect to the principal amount of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, other than those referred to in subsections (A) and (B) above, which a Consultant in a certificate filed with the Issuer determines, taking into

account the interests of the Owners of Indebtedness, provides adequate assurances that the Issuer will be able to meet the Debt Service Requirements due on such Indebtedness, the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness may be deemed to be payable in accordance with the terms of such arrangement or agreement; or

(D) Such Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness may be deemed to be Indebtedness which, at the date of its original incurrence, was payable over a term not to exceed twenty (20) years in equal annual installments of principal and interest at the Index Rate.

A Consultant shall deliver to the Issuer a certificate stating that it is reasonable to assume that installment obligations of such term of the Issuer can be incurred and stating the interest rate then applicable to installment obligations of such term of comparable quality. Interim Indebtedness may be deemed to be Indebtedness which, at the date of its original incurrence, would meet the conditions specified in the statement of the Consultant; provided that the Consultant shall for each annual period that the Debt Service Requirement is computed, provide a supplemental statement that at such period, the certifications contained in the statement are reasonable.

(2) Interest that is payable prior to the Stated Maturity of any Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness shall be taken into account for such appropriate period in computation of Debt Service Requirements. Interest payable at maturity or early redemption on Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness may either be amortized over the anticipated maturity or such longer than 20 years or may be treated as principal payable on the principal maturity date of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness.

(3) In measuring compliance with the applicable tests hereunder in connection with incurring Put Indebtedness and generally for purposes of determining the Debt Service Requirements relating thereto, Put Indebtedness shall be deemed to mature based upon the actual amortization requirements for the Put Indebtedness, only to the extent that the Issuer has a commitment to refinance such Put Indebtedness.

(b) ***Debt Service Requirements on Discount Indebtedness.*** At the election of the Issuer for the purpose of any computation of Debt Service Requirements, whether historical or projected, the principal and interest deemed payable on Discount Indebtedness shall be deemed to be payable as set forth below:

(1) If the Issuer has obtained a binding commitment of a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated "A" or better by any Rating Agency) to refinance such Discount Indebtedness, or a portion thereof, including without limitation, a letter of credit or a line of credit, the Discount Indebtedness, or portion thereof to be refinanced, may be deemed to be payable in accordance with the terms of the refinancing arrangement;

(2) If the Issuer has entered into a binding agreement providing for the deposit with a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated "A" or better by any Rating Agency), in trust (herein called a "Special Redemption Fund") of amounts, less investment earnings realized and retained in the Special Redemption Fund, equal in aggregate to the principal amount of such Discount Indebtedness, or a portion thereof, and providing for the payment of such principal amount when due from the sums so deposited, and investment earnings realized thereon, then the Discount Indebtedness, or portion thereof, may be deemed to be payable in accordance with the terms of such agreement;

(3) If the Issuer has entered into arrangements or agreements with respect to the principal amount of such Discount Indebtedness, other than those referred to in subsections (1) and (2) above, which a Consultant in a certificate filed with the Issuer determines, taking into account the interests of the holders of Indebtedness, provides adequate assurances that the Issuer will be able to meet the Debt Service Requirements due on such Indebtedness, the Discount Indebtedness may be deemed to be payable in accordance with the terms of such arrangement or agreement; or

(4) As of any time the maturity amount represented by Discount Indebtedness shall be deemed to be the accreted value of such Indebtedness computed on the basis of a constant yield to maturity.

(c) ***Debt Service Requirements on Variable Rate Indebtedness.*** When calculating interest requirements on Variable Rate Indebtedness which bears a variable rate of interest for periods as to which the rate of interest has not been determined, the rate of interest on Outstanding Variable Rate Indebtedness shall be the average annual rate of interest which was payable on such Variable Rate Indebtedness during the twelve (12) months immediately preceding the date as of which the calculation is made; and the rate of interest on Variable Rate Indebtedness to be incurred (or incurred less than twelve (12) months preceding such date) shall be the average annual rate of interest which would have been payable on such Variable Rate Indebtedness had it been outstanding for a period of twelve (12) months immediately preceding the date as of which the calculation is made, all as set forth in a certificate of a Consultant, delivered to the Issuer.

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) At least one (1) day prior to all Interest Payment Dates the Paying Agent will determine whether there will be sufficient funds in the Funds and Accounts to pay the principal of or interest on the Bonds on such Interest Payment Date. If the Paying Agent determines that there will be insufficient funds in the Funds and Accounts, the Paying Agent shall notify the Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Bonds to which such deficiency is applicable and whether such Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified the Bond Insurer at least one (1) day prior to an Interest Payment Date, the Bond Insurer will make payment of principal or interest due on the Bonds on or before the first (1st) day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Paying Agent.

(b) the Paying Agent shall, after giving notice to the Bond Insurer as provided in (a) above, make available to the Bond Insurer and, at the Bond Insurer's direction, to the Insurance Trustee (as defined in the Bond Insurance Policy), the Bond Register, and all records relating to Funds and Accounts maintained under the Bond Resolution.

(c) the Paying Agent shall provide the Bond Insurer and the Insurance Trustee with a list of Owners entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (1) to mail checks or drafts to the Owners entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal upon Bonds surrendered to the Insurance Trustee by the Owners entitled to receive full or partial principal payments from the Bond Insurer.

(d) the Paying Agent shall, at the time it provides notice to the Bond Insurer pursuant to (a) above, notify Owners entitled to receive the payment of principal or interest thereon from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Owner entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the Owner's right to payment, (3) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Paying Agent, and (4) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Paying Agent, who shall note on such Bonds the portion of the principal paid by the Paying Agent, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) in the event that the Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment (as defined in the Bond Insurance Policy) and which is made to an Owner by or on behalf of the Issuer has been deemed a preferential transfer and theretofore recovered from its Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time the Bond Insurer is notified pursuant to (a) above, notify all Owner's payment is so recovered, such Owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payment of principal of and interest on the Bonds which have been made by the Trustee, and subsequently recovered from Owners and the dates on which such payments were made.

(f) in addition to those rights granted the Bond Insurer under the Bond Resolution, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Bonds, become subrogated to the rights of the recipients of such

payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (1) in the case of subrogation as to claims for past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books of the Issuer maintained by the Paying Agent, upon receipt of the Bond Insurer of proof of the payment of interest thereon to the Owners, and (2) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books of the Issuer maintained by the Paying Agent, upon surrender of the Bonds by the Owners thereof together with proof of the payment of principal thereof.

Consent of the Bond Insurer. Any provision of the Bond Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer. The Bond Insurer's consent shall be required in addition to Owner consent, when required, for the execution and delivery of any supplemental resolution, or any amendment, supplement or change to or modification of other documents relating to the security for the Bonds; removal or substitution of the Paying Agent; or approval of any action or document requiring approval of the Owners.

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

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

MISCELLANEOUS PROVISIONS

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 the Bond Insurer and 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, if any, 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;
- (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; or

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 Project, 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.

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

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

THE CONTINUING DISCLOSURE INSTRUCTIONS

The Continuing Disclosure Instructions for the Series 2003-A Bonds (the "Bonds") are executed and delivered by the Issuer in connection with the issuance of Bonds pursuant to the respective Bond Resolution, in which the Issuer covenants to enter into an undertaking to provide certain financial and other information with respect to the Bonds in order to assist the Participating Underwriter in complying with the provisions of the SEC Rule. The Issuer is the only "obligated person" with responsibility for continuing disclosure with respect to the Bonds.

DEFINITIONS

In addition to the definitions set forth in this **APPENDIX A** unless otherwise defined herein, the following capitalized terms shall have the following meanings:

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

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

"National Repository" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

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

"Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" means each National Repository and each State Repository, if any.

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

"State Repository" means any public or private repository or entity designated by the State of Kansas as a state repository for the purpose of the Rule and recognized as such by the SEC. As of the date of these Disclosure Instructions, there is no State Repository.

PROVISION OF ANNUAL REPORTS

The Issuer shall, or shall cause the Dissemination Agent to, not later than 210 days after the end of the Issuer's Fiscal Year, commencing with the Fiscal Year ended in 2002, provide to each Repository the Issuer's Financial Information and Operating Data (jointly, the "Annual Report") as follows:

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

Operating Data. Updates as of the end of the Fiscal Year of substantially all of the information and data contained in those sections of the Official Statement entitled "SALES TAX COLLECTIONS," "FINANCIAL OVERVIEW," "BARTON COUNTY, KANSAS," "DEBT STRUCTURE" and "FINANCIAL INFORMATION."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the SEC Rule), which have been filed with each of the Repositories, the MSRB or the SEC. 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; *provided* that the Financial Information may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event.

If no Dissemination Agent has been appointed, the Issuer shall:

- (1) determine each year prior to the date for providing the Annual Report the name and address of each Repository; and
- (2) file the Annual Report; or if the Annual Report is not filed within the time period specified, the Issuer shall send a notice to each Repository of the failure to timely file the Annual Report.

REPORTING OF MATERIAL EVENTS

The Issuer shall give, or cause the Dissemination Agent, if any, to give, notice of the occurrence of any of the following events with respect to the Bonds, if the Issuer deems such events to be material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) modifications to rights of bondowners;
- (4) optional, contingent or unscheduled bond calls;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (8) unscheduled draws on debt service reserves reflecting financial difficulties;
- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of credit or liquidity providers, or their failure to perform; or
- (11) release, substitution or sale of property securing repayment of the Bonds.

Such notice shall be given by promptly filing a notice of such occurrence with each National Repository or the MSRB and the State Repository, with copies to the Bond Insurer. Notwithstanding the foregoing, notice of Material Events described in (4) and (5) need not be given any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Bond Resolution.

DISSEMINATION AGENT

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

Annual Reports. If a Dissemination Agent shall be appointed, not later than 15 Business Days prior to the date specified for providing the Annual Report to the Repositories, the Issuer shall provide the Annual Report to the Dissemination Agent. The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of each Repository and file a report with the Issuer certifying that the Annual Report has been provided pursuant to the Disclosure Instructions, stating the date it was provided, and listing all the Repositories to which it was provided, or that the Issuer has certified to the Dissemination Agent that the Issuer has provided the Annual Report to the Repositories. If the Dissemination Agent has not received an Annual Report or has not received a written notice from the Issuer that it has provided an Annual Report to the Repositories by the date required, the Dissemination Agent shall send a notice to each Repository.

Material Event Notices.

(1) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event.

(2) The Issuer will promptly respond in writing to any such request. Whenever the Issuer obtains knowledge of the occurrence of a Material Event, because of a notice from the Dissemination Agent or otherwise, the Issuer shall promptly determine if such event would be material under applicable federal securities law. If the Issuer has determined that knowledge of the occurrence of a Material Event would be material under applicable federal securities law, the Issuer shall promptly so notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence. If the Issuer has determined that knowledge of a Material Event would not be material under federal securities law, the Issuer shall promptly so notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent not to report the occurrence.

(3) If the Dissemination Agent has been given written instructions by the Issuer to report the occurrence of a Material Event, the Dissemination Agent shall promptly file a notice of such occurrence with each National Repository or the MSRB and the State Repository, with copies to the Issuer and the Bond Insurer. Notwithstanding the foregoing, notice of Material Events described in paragraphs (4) and (5) need not be given any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Bond Resolution.

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

MISCELLANEOUS PROVISIONS

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

Amendment; Waiver. The Issuer and the Dissemination Agent, if any, may amend the Disclosure Instructions (and the Dissemination Agent shall not unreasonably refuse to execute any amendment so requested by the Issuer) and any provision of the Disclosure Instructions may be waived, provided that: (a) Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer and the Dissemination Agent, if any, with its opinion that the undertaking of the Issuer, as so amended or after giving effect to such waiver, is in compliance with the SEC Rule and all current amendments thereto and interpretations thereof that are applicable to of the Disclosure; (b) if the amendment or waiver relates to the Annual Report or a Material Event, such amendment or waiver may only be made in connection with a change in circumstances that arises from a change in law or legal requirements, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted; and (c) the amendment or waiver is either (1) approved by the Owners of the Bonds in the

same manner as provided in the Bond Resolution with consent of the Owners, or (2) does not in the opinion of Bond Counsel materially impair the interests of the Owners or Beneficial Owners of the Bonds.

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

Additional Information. Nothing shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Disclosure Instructions or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by the Disclosure Instructions.

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

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

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

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APPENDIX B

Financial Statements

The following is a portion of the general purpose financial statement for Barton County, Kansas for the fiscal year ended December 31, 2001, prepared by the firm of Adams, Brown, Beran & Ball, Chartered, Certified Public Accountants, Great Bend, Kansas.

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ADAMS, BROWN, BERAN
& BALL, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

James F. Adams, C.P.A.

Terrance W. Brown, C.P.A.
Kenneth L. Beran, C.P.A.
Richard A. Ball, C.P.A.
Galen M. Pfeifer, C.P.A.

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of County Commissioners
Barton County, Kansas
Great Bend, Kansas 67530

Rex D. Ball, C.P.A.
Nancy A. Francis, C.P.A.
Kim H. Hultman, C.P.A.
William D. Glazner, C.P.A.
Sheryl K. Schamaun, C.P.A.
Steven R. Baumrucker, C.P.A.
Brian C. Staats, C.P.A.
Tyler W. Miller, C.P.A.

We have audited the accompanying financial statements of Barton County, Kansas, as of and for the year ended December 31, 2001, as listed in the Table of Contents. These financial statements are the responsibility of Barton County, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The financial statements referred to above do not include the financial data of the Law Library, Conservation District and Extension Council, which should be included in order to conform with accounting principles generally accepted in the United States of America. The effect of not including these component units and their respective revenues and expenditures is unknown.

As described in Note 1-C, Barton County, Kansas, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles

generally accepted in the United States of America. In our opinion, because the County's policy is to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, and because the financial statements do not include all component units, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Barton County, Kansas, as of December 31, 2001, or the results of its operations, or cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended.

However, in our opinion, financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Barton County, Kansas, as of December 31, 2001, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1-C.

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2002, on our consideration of Barton County, Kansas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

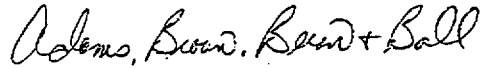
Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Government and Non-Profit Organizations, and is not a required part of the financial statements of Barton County, Kansas.

Great Bend — Hays — Ellinwood — St. John —
LaCrosse — McPherson — Colby — Hutchinson — Lyons

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To the Board of County Commissioners
Barton County, Kansas
Page Two

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Adams, Brown, Beran & Ball".

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

May 17, 2002



ADAMS, BROWN, BERAN
& BALL, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

James F. Adams, C.P.A.

Terrance W. Brown, C.P.A.
Kenneth L. Beran, C.P.A.
Richard A. Ball, C.P.A.
Galen M. Pfeiffer, C.P.A.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Rex D. Ball, C.P.A.
Nancy A. Francis, C.P.A.
Kim H. Hullman, C.P.A.
William D. Glazner, C.P.A.
Sheryl K. Schmaun, C.P.A.
Steven R. Baumrucker, C.P.A.
Brian C. Staats, C.P.A.
Tyler W. Miller, C.P.A.

To the Board of County Commissioners
Barton County, Kansas
Great Bend, Kansas 67530

We have audited the financial statements of Barton County, Kansas, as of and for the year ended December 31, 2001 and have issued our report thereon dated May 17, 2002. We conducted our audit in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The financial statements are prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial statements referred to above do not include the financial data of the Law Library, Conservation District and Extension Council, which should be included in order to conform with accounting principles generally accepted in the United States of America. The effect of not including these component units and their respective revenues and expenditures is unknown.

Compliance

As part of obtaining reasonable assurance about whether Barton County, Kansas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of Barton County, Kansas in a separate letter dated May 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Barton County, Kansas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Barton County, Kansas' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item B.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to the management of Barton County, Kansas, in a separate letter dated May 17, 2002.

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To the Board of County Commissioners
Barton County, Kansas
Page Two

This report is intended solely for the information and use of the Barton County Commissioners, management, federal awarding agencies, pass-through entities and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.

Adams, Brown, Beran & Ball

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

May 17, 2002

BARTON COUNTY, KANSAS
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2001

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered and Cash Balance	Add Outstanding Encumbrances Payable	Ending Cash Balance
Governmental Type Funds:						
General Fund	\$ 1,086,834	5,221,665	5,142,829	1,165,670	107,560	1,273,230
Special Revenue Funds:						
Ambulance Fund	8,075	368,041	360,311	15,805	-	15,805
Cemetery Fund	21,280	18,001	12,791	26,490	-	26,490
Emergency "911" Fund	238,185	150,933	168,626	220,492	49,000	269,492
Employee Benefit Fund	477,588	867,099	870,674	474,013	-	474,013
Health Fund	212,245	778,888	755,444	235,689	16	235,705
Mental Health Fund	4,713	179,871	175,000	9,584	-	9,584
Mental Retardation Fund	5,681	179,785	175,000	10,466	-	10,466
Noxious Weed Fund	35,059	742,171	761,730	15,500	275	15,775
Road and Bridge Fund	284,833	2,649,799	2,736,523	198,109	128	198,237
Special Alcohol Fund	-	6,554	6,018	536	-	536
Special Parks and Recreation Fund	-	1,577	1,165	412	-	412
Special Liability Fund	145,458	33,779	32,403	146,834	-	146,834
Unemployment Compensation Fund	38,955	15,659	20,072	34,542	-	34,542
Alternative Dispute Resolution Fund	8,813	-	540	8,273	-	8,273
Case Management Fund	57,013	275,227	207,388	124,852	-	124,852
Community Corrections Fund	165,930	505,016	471,433	199,513	76	199,589
JAI Block Grant Fund	(7,744)	124,582	111,264	5,574	-	5,574
Juvenile Intake and Assessment Fund	57,478	374,331	296,504	135,305	-	135,305
LEPC Fund	8,300	-	-	8,300	-	8,300
Project Stay Fund	(657)	142,814	219,989	(77,832)	-	(77,832)
Youth Attendant Care Fund	117	-	-	117	-	117
Teen Court Fund	4,687	15,396	6,886	13,197	1,002	14,199
Barton County Minority Affairs Fund	-	1,713	351	1,362	-	1,362
Capital Improvements Fund	2,081,873	541,301	240,831	2,382,343	-	2,382,343
Equipment Replacement Fund	506,958	307,815	95,644	719,129	-	719,129
Special Bridge Replacement Fund	-	100,000	-	100,000	-	100,000
Tornado Disaster Relief Fund	-	196,887	196,887	-	-	-
Improvement Fund for G.O. Bonds	-	2,798,474	1,584,485	1,213,989	-	1,213,989
Proprietary Type Funds:						
Solid Waste Fund	2,914,032	1,363,690	1,015,594	3,262,128	206,386	3,468,514
Health Coverage Fund	1,003,482	769,892	726,447	1,046,927	-	1,046,927
Total Primary Government (Excluding Agency Funds)	9,359,188	18,730,960	16,392,829	11,697,319	364,443	12,061,762
Component Units:						
Fire District No. 1 Fund	10,994	56,075	54,999	12,070	-	12,070
Fire District No. 1 Special Equipment Fund	48,169	-	-	48,169	-	48,169
	<u>59,163</u>	<u>56,075</u>	<u>54,999</u>	<u>60,239</u>	<u>-</u>	<u>60,239</u>
Total Reporting Entity:	\$ 9,418,351	18,787,035	16,447,828	11,757,558	364,443	12,122,001
Composition of Cash:						
Certificates of Deposit						\$ 13,711,332
Checking Accounts						13,947,278
Cash and Cash Items						975
						<u>27,659,585</u>
Expendable Trust and Agency Funds per Statement "5"						<u>(15,537,584)</u>
Total Reporting Entity (Excluding Agency Funds)						\$ 12,122,001

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

BARTON COUNTY, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2001

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Favorable (Unfavorable)</u>
Governmental Type Funds:					
General Fund	\$ 5,416,868	-	5,416,868	5,142,829	274,039
Special Revenue Funds:					
Ambulance Fund	360,311	-	360,311	360,311	-
Cemetery Fund	24,325	-	24,325	12,791	11,534
Emergency "911" Fund	291,450	-	291,450	168,626	122,824
Employee Benefit Fund	1,000,350	-	1,000,350	870,674	129,676
Health Fund	782,761	472,570	1,255,331	755,444	499,887
Mental Health Fund	175,000	-	175,000	175,000	-
Mental Retardation Fund	175,000	-	175,000	175,000	-
Noxious Weed Fund	777,737	-	777,737	761,730	16,007
Road and Bridge Fund	2,780,944	-	2,780,944	2,736,523	44,421
Special Alcohol Fund	6,018	-	6,018	6,018	-
Special Parks and Recreation Fund	2,483	-	2,483	1,165	1,318
Special Liability Fund	176,000	-	176,000	32,403	143,597
Unemployment Compensation Fund	50,308	-	50,308	20,072	30,236
Community Corrections Fund	773,298	-	773,298	471,433	301,865
Juvenile Intake and Assessment Fund	663,500	-	663,500	296,504	366,996
Project Stay Fund	227,000	-	227,000	219,989	7,011
Teen Court Fund	59,114	-	59,114	6,886	52,228
Proprietary Type Fund:					
Solid Waste Fund	861,988	439,176	1,301,164	1,015,594	285,570
Component Units:					
Fire District No. 1 Fund	91,186	-	91,186	54,999	36,187

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

BARTON COUNTY, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 2,042,887	1,803,632	\$ 1,997,845	(194,213)
Delinquent Tax	141,557	134,877	-	134,877
Motor Vehicle Tax	295,345	384,863	295,619	89,244
Local Alcohol Liquor Tax	1,568	1,577	-	1,577
Mineral Production Tax	17,688	18,403	-	18,403
City and County Revenue Sharing	162,193	169,848	200,722	(30,874)
Sales Tax	1,551,653	1,605,827	1,430,000	175,827
Interest and Fees on Delinquent Taxes	4,835	5,288	-	5,288
Emergency Preparedness Grant	19,602	19,050	-	19,050
Prisoner Keep	43,545	43,822	46,000	(2,178)
Juvenile Felony Probation Fee	245	412	-	412
20th Judicial Byrne Grant	3,185	-	-	-
Sheriff KDOT and Law Enforcement Block Grants	2,295	3,467	18,846	(15,379)
Reimbursements - District Court	33,073	32,997	-	32,997
Reimbursements - Other	61,122	23,230	-	23,230
Licenses, Permits and Fees	246,613	268,630	524,377	(255,747)
County Attorney - Diversion Fees	22,439	23,927	-	23,927
Charges for Services	5,442	6,620	-	6,620
Interest on Idle Funds	555,455	666,052	420,000	246,052
Inmate Commissary	9,911	9,143	-	9,143
Barton County Minority Affairs	4,341	-	-	-
Barton County Economic Development	21,879	-	-	-
Total Cash Receipts	\$ 5,246,873	5,221,665	\$ 4,933,409	288,256

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

BARTON COUNTY, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Total Cash Receipts-Brought Forward	\$ 5,246,873	5,221,665	\$ 4,933,409	288,256
Expenditures:				
County Commissioners	52,820	53,617	55,557	1,940
County Clerk	149,642	158,233	162,037	3,804
County Clerk-Election	106,896	37,905	48,500	10,595
County Treasurer	96,608	147,854	121,219	(26,635)
County Attorney	281,097	291,765	274,038	(17,727)
Diversion/Forfeiture Expenditures	12,439	17,683	32,000	14,317
Register of Deeds	76,334	76,785	78,429	1,644
Sheriff	703,554	734,221	741,163	6,942
County Appraiser	284,194	276,547	304,464	27,917
District Court	268,092	264,297	294,060	29,763
Courthouse General	309,363	375,498	329,850	(45,648)
Juvenile Detention	115,141	135,732	196,809	61,077
Facilities Management	118,692	127,785	144,832	17,047
County Administrator	109,961	154,562	167,891	13,329
Computer Administration Services	125,629	130,044	132,276	2,232
General Finance	97,371	86,616	103,618	17,002
Emergency Preparedness/Risk Management	45,418	47,406	50,748	3,342
Detention Facility	849,922	670,489	905,809	235,320
Public Works Administration	21,510	62,563	45,670	(16,893)
Records Maintenance	46,904	47,359	50,512	3,153
Communications	337,545	326,345	351,677	25,332
Inmate Commissary	4,683	12,829	-	(12,829)
Appropriations -				
Barton County Extension Council	172,000	188,520	188,520	-
Barton County Historical Society	19,000	20,000	20,000	-
Barton County Soil Conservation Service	24,000	24,000	24,000	-
Barton County Fair Association	16,712	19,964	16,000	(3,964)
Miscellaneous Contractual	24,849	100,200	462,161	361,961
Lease Purchase Payments	50,175	54,270	29,000	(25,270)
RSVP-Transportation Program	1,000	1,500	1,500	-
We Care Match	5,000	-	5,000	5,000
Barton County Minority Affairs	3,839	1,503	-	(1,503)
Great Plains Development	-	5,732	5,528	(204)
Transfers Out	467,112	491,005	74,000	(417,005)
Total Expenditures	4,997,502	5,142,829	\$ 5,416,868	274,039
Receipts Over (Under) Expenditures	249,371	78,836		
Unencumbered Cash, Beginning	837,463	1,086,834		
Unencumbered Cash, Ending	\$ 1,086,834	1,165,670		

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

BARTON COUNTY, KANSAS

Ambulance Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 303,193	303,055	\$ 315,421	(12,366)
Delinquent Tax	5,773	7,433	3,000	4,433
Motor Vehicle Tax	48,080	57,385	43,539	13,846
Motor Vehicle Stamp Tax	202	168	603	(435)
Total Cash Receipts	<u>357,248</u>	<u>368,041</u>	<u>\$ 362,563</u>	<u>5,478</u>
Expenditures:				
Contractual	<u>351,604</u>	<u>360,311</u>	<u>\$ 360,311</u>	<u>-</u>
Receipts Over (Under) Expenditures	5,644	7,730		
Unencumbered Cash, Beginning	<u>2,431</u>	<u>8,075</u>		
Unencumbered Cash, Ending	<u>\$ 8,075</u>	<u>15,805</u>		

Cemetery Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ -	9,586	\$ 10,000	(414)
Delinquent Tax	-	235	-	235
Motor Vehicle Stamp Tax	-	5	-	5
Sale of Lots	5,260	6,750	2,500	4,250
Other	870	1,425	-	1,425
Total Cash Receipts	<u>6,130</u>	<u>18,001</u>	<u>\$ 12,500</u>	<u>5,501</u>
Expenditures:				
Personal Services	2,566	2,980	\$ 5,200	2,220
Commodities	869	1,741	10,000	8,259
Capital Outlay	-	8,070	9,125	1,055
Total Expenditures	<u>3,435</u>	<u>12,791</u>	<u>\$ 24,325</u>	<u>11,534</u>
Receipts Over (Under) Expenditures	2,695	5,210		
Unencumbered Cash, Beginning	<u>18,585</u>	<u>21,280</u>		
Unencumbered Cash, Ending	<u>\$ 21,280</u>	<u>26,490</u>		

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

BARTON COUNTY, KANSAS

Emergency "911" Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Telephone Tax Revenues	\$ 136,633	150,933	\$ 133,000	17,933
Sale of Tapes and Other	40	-	50	(50)
Tower Rent	4,000	-	4,000	(4,000)
Total Cash Receipts	<u>140,673</u>	<u>150,933</u>	<u>\$ 137,050</u>	<u>13,883</u>
Expenditures:				
Commodities	-	117	\$ 450	333
Line Charges	37,403	27,439	91,000	63,561
Maintenance	5,997	1,913	0	(1,913)
Tape Purchases	441	-	-	-
Utilities	2,543	594	-	(594)
Capital Outlay	22,489	138,563	200,000	61,437
Total Expenditures	<u>68,873</u>	<u>168,626</u>	<u>\$ 291,450</u>	<u>122,824</u>
Receipts Over (Under) Expenditures	71,800	(17,693)		
Unencumbered Cash, Beginning	<u>166,385</u>	<u>238,185</u>		
Unencumbered Cash, Ending	<u>\$ 238,185</u>	<u>220,492</u>		

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

BARTON COUNTY, KANSAS

Employee Benefit Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 756,094	705,981	\$ 734,686	(28,705)
Delinquent Tax	14,396	17,316	-	17,316
Motor Vehicle Tax	138,489	143,411	108,569	34,842
Motor Vehicle Stamp Tax	505	391	1,504	(1,113)
Total Cash Receipts	<u>909,484</u>	<u>867,099</u>	<u>\$ 844,759</u>	<u>22,340</u>
Expenditures:				
Health Benefits	437,112	464,680	\$ 485,350	20,670
Workers' Compensation Insurance	27,505	30,521	75,000	44,479
FICA and Medicare	264,469	281,094	300,000	18,906
KPERs Retirement	86,661	90,861	125,000	34,139
Cafeteria Plan	3,523	3,518	15,000	11,482
Total Expenditures	<u>819,270</u>	<u>870,674</u>	<u>\$ 1,000,350</u>	<u>129,676</u>
Receipts Over (Under) Expenditures	90,214	(3,575)		
Unencumbered Cash, Beginning	<u>387,374</u>	<u>477,588</u>		
Unencumbered Cash, Ending	<u>\$ 477,588</u>	<u>474,013</u>		

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

BARTON COUNTY, KANSAS

Health Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 136,291	151,677	\$ 157,865	(6,188)
Delinquent Tax	2,595	3,720	1,000	2,720
Motor Vehicle Tax	23,956	25,837	19,572	6,265
Motor Vehicle Stamp Tax	91	84	271	(187)
Federal and State of Kansas Payments	361,059	428,672	-	428,672
Collections and Other	221,614	168,898	125,000	43,898
Total Cash Receipts	<u>745,606</u>	<u>778,888</u>	<u>\$ 303,708</u>	<u>475,180</u>
Expenditures:				
Personal Services	445,093	497,472	\$ 556,794	59,322
Commodities	105,812	98,598	81,508	(17,090)
Contractual	181,601	142,367	140,309	(2,058)
Capital Outlay	4,220	10,523	4,150	(6,373)
Transfers Out	14,325	6,484	-	(6,484)
Adjustment for Qualifying Budget Credits	-	-	472,570	472,570
Total Expenditures	<u>751,051</u>	<u>755,444</u>	<u>\$ 1,255,331</u>	<u>499,887</u>
Receipts Over (Under) Expenditures	(5,445)	23,444		
Unencumbered Cash, Beginning	<u>217,690</u>	<u>212,245</u>		
Unencumbered Cash, Ending	<u>\$ 212,245</u>	<u>235,689</u>		

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

BARTON COUNTY, KANSAS

Mental Health Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 150,548	147,634	\$ 153,692	(6,058)
Delinquent Tax	2,866	3,621	1,800	1,821
Motor Vehicle Tax	26,198	28,534	21,619	6,915
Motor Vehicle Stamp Tax	101	82	300	(218)
Total Cash Receipts	<u>179,713</u>	<u>179,871</u>	<u>\$ 177,411</u>	<u>2,460</u>
Expenditures:				
Contractual	<u>175,000</u>	<u>175,000</u>	<u>\$ 175,000</u>	<u>-</u>
Receipts Over (Under) Expenditures	4,713	4,871		
Unencumbered Cash, Beginning	-	4,713		
Unencumbered Cash, Ending	<u>\$ 4,713</u>	<u>9,584</u>		

Mental Retardation Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 147,193	148,086	\$ 154,045	(5,959)
Delinquent Tax	2,803	3,632	1,800	1,832
Motor Vehicle Tax	30,587	27,985	21,132	6,853
Motor Vehicle Stamp Tax	98	82	293	(211)
Total Cash Receipts	<u>180,681</u>	<u>179,785</u>	<u>\$ 177,270</u>	<u>2,515</u>
Expenditures:				
Contractual	<u>175,000</u>	<u>175,000</u>	<u>\$ 175,000</u>	<u>-</u>
Receipts Over (Under) Expenditures	5,681	4,785		
Unencumbered Cash, Beginning	-	5,681		
Unencumbered Cash, Ending	<u>\$ 5,681</u>	<u>10,466</u>		

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

BARTON COUNTY, KANSAS

Noxious Weed Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 283,902	324,092	\$ 366,294	(42,202)
Delinquent Tax	5,406	7,925	6,634	1,291
Motor Vehicle Tax	50,011	53,821	40,762	13,059
Motor Vehicle Stamp Tax	190	179	565	(386)
Collections and Other	354,101	356,154	400,000	(43,846)
Total Cash Receipts	<u>693,610</u>	<u>742,171</u>	<u>\$ 814,255</u>	<u>(72,084)</u>
Expenditures:				
Personal Services	109,356	113,138	\$ 122,837	9,699
Commodities	490,101	438,307	551,150	112,843
Contractual	58,145	46,454	47,550	1,096
Capital Outlay	47,970	106,301	21,200	(85,101)
Tornado Expenses	-	530	-	(530)
Transfers Out	15,766	57,000	35,000	(22,000)
Total Expenditures	<u>721,338</u>	<u>761,730</u>	<u>\$ 777,737</u>	<u>16,007</u>
Receipts Over (Under) Expenditures	(27,728)	(19,559)		
Unencumbered Cash, Beginning	<u>62,787</u>	<u>35,059</u>		
Unencumbered Cash, Ending	<u>\$ 35,059</u>	<u>15,500</u>		

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

BARTON COUNTY, KANSAS

Road and Bridge Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 826,825	1,220,457	\$ 1,270,063	(49,606)
Delinquent Tax	15,741	29,933	-	29,933
Motor Vehicle Tax	164,141	157,064	118,719	38,345
Motor Vehicle Stamp Tax	553	676	1,645	(969)
Local Ad Valorem Tax Reduction	185,096	195,261	181,285	13,976
Special City and County Highway Payments	1,050,308	1,008,141	1,089,334	(81,193)
County Equalization and Adjustment Payments	29,846	29,497	-	29,497
Sale of Surplus Equipment	141,593	-	-	-
Reimbursements and Other	16,117	8,770	19,200	(10,430)
Total Cash Receipts	<u>2,430,220</u>	<u>2,649,799</u>	<u>\$ 2,680,246</u>	<u>(30,447)</u>
Expenditures:				
Personal Services	650,730	676,301	\$ 687,579	11,278
Commodities	1,116,670	1,091,411	1,163,725	72,314
Contractual	136,796	119,220	149,570	30,350
Capital Outlay	295,434	476,473	616,570	140,097
Capital Improvements	11,804	920	23,500	22,580
Tornado Expenses	-	22,198	-	(22,198)
Transfers Out	98,907	350,000	140,000	(210,000)
Total Expenditures	<u>2,310,341</u>	<u>2,736,523</u>	<u>\$ 2,780,944</u>	<u>44,421</u>
Receipts Over (Under) Expenditures	119,879	(86,724)		
Unencumbered Cash, Beginning	<u>164,954</u>	<u>284,833</u>		
Unencumbered Cash, Ending	<u>\$ 284,833</u>	<u>198,109</u>		

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

BARTON COUNTY, KANSAS

Special Alcohol Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Local Alcohol Funds	\$ 5,306	6,554	\$ 6,018	536
Expenditures:				
Contractual	5,306	6,018	\$ 6,018	-
Receipts Over (Under) Expenditures	-	536		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	536		

Special Parks and Recreation Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Local Alcohol Funds	\$ 1,568	1,577	\$ 2,392	(815)
Expenditures:				
Maintenance - Lafayette Park	1,910	1,165	\$ 2,483	1,318
Receipts Over (Under) Expenditures	(342)	412		
Unencumbered Cash, Beginning	342	-		
Unencumbered Cash, Ending	\$ -	412		

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

BARTON COUNTY, KANSAS

Special Liability Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 29,354	27,550	\$ 28,641	(1,091)
Delinquent Tax	559	676	-	676
Motor Vehicle Tax	3,633	5,553	4,284	1,269
Total Cash Receipts	33,546	33,779	\$ 32,925	854
Expenditures:				
Contractual	32,496	32,403	\$ 176,000	143,597
Receipts Over (Under) Expenditures	1,050	1,376		
Unencumbered Cash, Beginning	144,408	145,458		
Unencumbered Cash, Ending	\$ 145,458	146,834		

Unemployment Compensation Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 6,570	14,075	\$ 14,611	(536)
Delinquent Tax	125	345	-	345
Motor Vehicle Tax	407	1,239	959	280
Total Cash Receipts	7,102	15,659	\$ 15,570	89
Expenditures:				
Contractual	9,679	20,072	\$ 50,308	30,236
Receipts Over (Under) Expenditures	(2,577)	(4,413)		
Unencumbered Cash, Beginning	41,532	38,955		
Unencumbered Cash, Ending	\$ 38,955	34,542		

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

BARTON COUNTY, KANSAS
Alternative Dispute Resolution Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2001
(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:	\$ -	-
Expenditures:		
Commodities	-	540
Receipts Over (Under) Expenditures	-	(540)
Unencumbered Cash, Beginning	8,813	8,813
Unencumbered Cash, Ending	\$ 8,813	8,273

Case Management Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2001
(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:		
State Funds	\$ 181,814	275,227
Collections	439	-
Total Cash Receipts	182,253	275,227
Expenditures:		
Personal Services	82,954	132,234
Commodities	2,064	1,587
Contractual	11,160	56,990
Capital Outlay	29,062	16,577
Total Expenditures	125,240	207,388
Receipts Over (Under) Expenditures	57,013	67,839
Unencumbered Cash, Beginning	-	57,013
Unencumbered Cash, Ending	\$ 57,013	124,852

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

BARTON COUNTY, KANSAS
Community Corrections Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2001
(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
State of Kansas	\$ 358,787	384,795	\$ 558,190	(173,395)
Juvenile Intensive Supervision Grant	116,184	112,646	127,428	(14,782)
Juvenile Case Management Operations	65,496	-	-	-
Drug Tests and Other	30,733	7,575	13,000	(5,425)
Total Cash Receipts	<u>571,200</u>	<u>505,016</u>	<u>\$ 698,618</u>	<u>(193,602)</u>
Expenditures:				
Personal Services	443,163	401,229	\$ 582,398	181,169
Commodities	16,954	10,518	30,050	19,532
Contractual	51,392	37,757	127,850	90,093
Capital Outlay	6,107	21,929	33,000	11,071
Total Expenditures	<u>517,616</u>	<u>471,433</u>	<u>\$ 773,298</u>	<u>301,865</u>
Receipts Over (Under) Expenditures	53,584	33,583		
Unencumbered Cash, Beginning	<u>112,346</u>	<u>165,930</u>		
Unencumbered Cash, Ending	<u>\$ 165,930</u>	<u>199,513</u>		

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

BARTON COUNTY, KANSAS

JAI Block Grant Fund

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:		
Federal Funds	\$ 24,005	124,582
Expenditures:		
Personal Services	34,012	105,677
Commodities	-	400
Contractual Services	1,792	2,687
Capital Outlay	2,000	2,500
Total Expenditures	37,804	111,264
Receipts Over (Under) Expenditures	(13,799)	13,318
Unencumbered Cash, Beginning	6,055	(7,744)
Unencumbered Cash, Ending	\$ (7,744)	5,574

Juvenile Intake and Assessment Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual	Current Year Budget	Variance - Favorable (Unfavorable)
Cash Receipts:				
State Funds	\$ 324,701	373,922	\$ 662,000	(288,078)
Reimbursements	1,790	409	1,500	(1,091)
Total Cash Receipts	326,491	374,331	663,500	(289,169)
Expenditures:				
Juvenile Intake and Assessment -				
Personal Services	206,773	212,630	\$ 337,000	124,370
Commodities	6,003	7,660	6,500	(1,160)
Contractual	55,048	54,967	296,000	241,033
Capital Outlay	5,244	21,247	24,000	2,753
Total Expenditures	273,068	296,504	663,500	366,996
Receipts Over (Under) Expenditures	53,422	77,827		
Unencumbered Cash, Beginning	4,056	57,478		
Unencumbered Cash, Ending	\$ 57,478	135,305		

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

BARTON COUNTY, KANSAS

LEPC Fund

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:		
Taxes and Shared Revenues - State of Kansas	\$ 8,300	-
Expenditures	-	-
Receipts Over (Under) Expenditures	8,300	-
Unencumbered Cash, Beginning	-	8,300
Unencumbered Cash, Ending	\$ 8,300	8,300

Project Stay Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual	Budget	Variance - Favorable (Unfavorable)
Cash Receipts:				
State of Kansas	\$ 147,783	140,994	\$ 141,000	(6)
Urinalysis	697	1,613	5,000	(3,387)
Parenting/Peer	477	207	1,000	(793)
Donations	2,025	-	-	-
Total Cash Receipts	150,982	142,814	\$ 147,000	(4,186)
Expenditures:				
Personal Services	121,751	139,838	\$ 169,000	29,162
Commodities	2,076	5,197	4,000	(1,197)
Contractual Services	22,124	26,229	34,000	7,771
Capital Outlay	16,703	48,725	20,000	(28,725)
Total Expenditures	162,654	219,989	\$ 227,000	7,011
Receipts Over (Under) Expenditures	(11,672)	(77,175)		
Unencumbered Cash, Beginning	11,015	(657)		
Unencumbered Cash, Ending	\$ (657)	(77,832)		

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

BARTON COUNTY, KANSAS
Youth Attendant Care Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2001
(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts	\$ -	-
Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	117	117
Unencumbered Cash, Ending	\$ 117	117

Teen Court Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2001
(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual	Current Year Budget	Variance - Favorable (Unfavorable)
Cash Receipts:				
State of Kansas	\$ 7,996	8,096	\$ 41,114	(33,018)
Teen Court Fees	2,315	2,435	4,000	(1,565)
Fundraising	6,305	4,865	14,000	(9,135)
Total Cash Receipts	16,616	15,396	\$ 59,114	(43,718)
Expenditures:				
Personal Services	6,761	-	\$ 49,764	49,764
Commodities	762	992	2,500	1,508
Contractual Services	1,174	4,762	4,600	(162)
Capital Outlay	-	1,132	2,250	1,118
Total Expenditures	8,697	6,886	\$ 59,114	52,228
Receipts Over (Under) Expenditures	7,919	8,510		
Unencumbered Cash, Beginning	(3,232)	4,687		
Unencumbered Cash, Ending	\$ 4,687	13,197		

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

BARTON COUNTY, KANSAS
 Barton County Minority Affairs Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2001
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:		
Collections	\$ -	210
Appropriation	-	1,503
Total Cash Receipts	-	1,713
Expenditures:		
Contractual Services	-	351
Receipts Over (Under) Expenditures	-	1,362
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	1,362

Capital Improvements Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2001
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:		
Transfers In	\$ 346,788	496,674
Insurance Proceeds	-	44,627
Total Cash Receipts	346,788	541,301
Expenditures:		
Capital Outlay	59,376	240,831
Receipts Over (Under) Expenditures	287,412	300,470
Unencumbered Cash, Beginning	1,794,461	2,081,873
Unencumbered Cash, Ending	\$ 2,081,873	2,382,343

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

BARTON COUNTY, KANSAS
 Equipment Replacement Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2001
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:		
Transfers In	\$ 249,322	307,815
Expenditures:		
Capital Outlay	81,622	95,644
Receipts Over (Under) Expenditures	167,700	212,171
Unencumbered Cash, Beginning	339,258	506,958
Unencumbered Cash, Ending	\$ 506,958	719,129

Special Bridge Replacement Fund
 Statement of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2001
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:		
Transfers In	\$ -	100,000
Expenditures:	-	-
Receipts Over (Under) Expenditures	-	100,000
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	100,000

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

BARTON COUNTY, KANSAS
Tornado Disaster Relief Fund
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2001
(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:		
Federal Funds	\$ -	194,424
State Funds	-	2,463
Total Cash Receipts	-	196,887
Expenditures:		
Reimbursement to General Fund	-	18,890
Reimbursement to Road and Bridge Fund	-	96,749
Reimbursement to Noxious Weed Fund	-	7,554
Reimbursement to Health Fund	-	2,360
Reimbursement to Solid Waste Fund	-	71,057
Reimbursement to Motor Vehicle Special Fund	-	277
Total Expenditures	-	196,887
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	-

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

BARTON COUNTY, KANSAS
Improvement Fund for General Obligation Bonds
Statement of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2001
(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Cash Receipts:		
Investment Interest / Matured Investments	\$ -	77,274
Bond Proceeds	-	2,720,000
Copies of Plans and Specifications	-	1,200
Total Receipts	-	2,798,474
Expenditures:		
Commodities	-	13,774
Contractual Services	-	268,199
Contract Construction	-	1,302,512
Total Expenditures	-	1,584,485
Receipts Over (Under) Expenditures	-	1,213,989
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	1,213,989

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

BARTON COUNTY, KANSAS**Solid Waste Fund**

Comparison of Revenues, Expenditures, Transfers, Encumbrances and

Changes in Unencumbered Cash - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Revenues and Transfers:				
Collections	\$ 1,324,795	1,242,960	\$ 804,000	438,960
Reimbursements and Other	9,223	216	-	216
Interest on Idle Funds	83,464	81,014	65,000	16,014
Expense Reimbursement	-	39,500	-	39,500
Total Revenues and Transfers	<u>1,417,482</u>	<u>1,363,690</u>	<u>\$ 869,000</u>	<u>494,690</u>
Expenditures, Encumbrances and Transfers:				
Personal Services	178,241	198,343	\$ 218,508	20,165
Commodities	50,082	48,779	45,980	(2,799)
Contractual	282,946	264,123	200,000	(64,123)
Household Hazardous Waste	462,023	160,425	20,000	(140,425)
Capital Outlay	9,960	343,924	377,500	33,576
Adjustment for Qualifying Budget Credits	-	-	439,176	439,176
Total Expenditures, Encumbrances and Transfers	<u>983,252</u>	<u>1,015,594</u>	<u>\$ 1,301,164</u>	<u>285,570</u>
Receipts Over (Under) Expenditures	434,230	348,096		
Unencumbered Cash, Beginning	<u>2,479,802</u>	<u>2,914,032</u>		
Unencumbered Cash, Ending	<u>\$ 2,914,032</u>	<u>3,262,128</u>		

Health Coverage Fund

Comparison of Revenues, Expenditures, Transfers, Encumbrances and

Changes in Unencumbered Cash - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Revenues and Transfers:		
Collections	\$ 693,867	721,054
Interest on Investments	33,872	48,838
Total Revenues and Transfers	<u>727,739</u>	<u>769,892</u>
Expenditures, Encumbrances and Transfers:		
Contractual	<u>692,490</u>	<u>726,447</u>
Receipts Over (Under) Expenditures	35,249	43,445
Unencumbered Cash, Beginning	<u>968,233</u>	<u>1,003,482</u>
Unencumbered Cash, Ending	<u>\$ 1,003,482</u>	<u>1,046,927</u>

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

BARTON COUNTY, KANSAS

Fire District No. 1 Fund

Comparison of Revenues, Expenditures, Transfers, Encumbrances and
Changes in Unencumbered Cash - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
Revenues and Transfers:				
Taxes and Shared Revenues -				
Ad Valorem Property Tax	\$ 31,918	39,343	\$ 40,288	(945)
Delinquent Tax	1,008	532	425	107
Motor Vehicle Tax	6,163	7,029	4,840	2,189
Local Ad Valorem Tax Reduction	1,329	1,559	1,227	332
Sale of Equipment and Building	5,025	-	-	-
Ambulance Distribution	7,612	7,612	-	7,612
Reimbursements and Other	783	-	7,613	(7,613)
Total Revenues and Transfers	53,838	56,075	\$ 54,393	1,682
Expenditures, Encumbrances and Transfers:				
Personal Services	4,245	4,340	\$ 5,100	760
Commodities	1,673	6,646	3,260	(3,386)
Contractual	14,855	18,074	19,150	1,076
Capital Outlay	1,109	3,102	6,000	2,898
Building Lease Payment	22,837	22,837	45,676	22,839
Transfers Out	3,043	-	12,000	12,000
Total Expenditures, Encumbrances and Transfers	47,762	54,999	\$ 91,186	36,187
Receipts Over (Under) Expenditures	6,076	1,076		
Unencumbered Cash, Beginning	4,918	10,994		
Unencumbered Cash, Ending	\$ 10,994	12,070		

Fire District No. 1 Special Equipment Fund

Comparison of Revenues, Expenditures, Transfers, Encumbrances and
Changes in Unencumbered Cash - Actual and Budget

For the Year Ended December 31, 2001

(With Comparative Actual Totals for the Prior Year Ended December 31, 2000)

	Prior Year Actual	Actual
Revenues and Transfers:		
Transfers In	\$ 3,043	-
Expenditures, Encumbrances and Transfers:		
Capital Outlay	14,665	-
Receipts Over (Under) Expenditures	(11,622)	-
Unencumbered Cash, Beginning	59,791	48,169
Unencumbered Cash, Ending	\$ 48,169	48,169

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

BARTON COUNTY, KANSAS

Expendable Trust Funds, Distributable Funds, State Funds, Subdivision Funds and Agency Funds
Statement of Cash Receipts and Cash Disbursements - Actual
For the Year Ended December 31, 2001

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Expendable Trust Funds:				
Auto License Fee	\$ 99,793	171,349	119,825	151,317
Economic Development Revolving Loan	265,865	30,122	141,337	154,650
Law Enforcement Trust	2,027	900	-	2,927
Prosecutor's Assistant and Training	14,580	1,978	2,172	14,386
Court Service Alcohol Tax Grant	1,689	-	-	1,689
Sheriff Alcohol Tax Grant	1,037	-	-	1,037
Sheriff Dare Program	1,857	141	891	1,107
Out of County Criminal Bond	-	20,027	20,027	-
Flexible Benefit Fund	4,731	41,352	39,064	7,019
Attorney Worthless Check Trust	(2,109)	7,148	4,302	737
Youth Program - Hulme Foundation	12,688	530	772	12,446
Barton County Employees' Trust	274	425	453	246
Total Expendable Trust Funds	402,432	273,972	328,843	347,561
Distributable Funds:				
Ad Valorem Taxes-				
Current Tax	13,368,358	22,664,149	22,079,404	13,953,103
Delinquent Real Estate Tax	231,114	388,944	407,789	212,269
Delinquent Personal Property Tax	535,051	131,529	169,793	496,787
Advance Tax	256	90	256	90
In Lieu of Tax	289	1,531	578	1,242
Mineral Tax	-	36,806	36,806	-
Motor Vehicle Tax	89,267	3,727,830	3,664,611	152,486
Local Ad Valorem Tax Reduction	13,350	572,330	572,330	13,350
Local Alcohol Liquor Tax	-	9,708	9,708	-
County Equalization and Adjustment	-	32,774	32,774	-
Special City and County Highway	-	1,120,157	1,120,157	-
Vehicle Rental Excise Tax	-	14,289	14,289	-
Fireworks' Fee Fund	-	900	900	-
Total Distributable Funds	14,237,685	28,701,037	28,109,395	14,829,327
State Funds:				
State Educational Building	4,560	180,127	179,380	5,307
State Institutional Building	2,280	90,064	89,690	2,654
State Motor Vehicle	32,110	394,637	399,999	26,748
Game Licenses	5,468	7,922	9,223	4,167
Mortgage Registration Heritage Trust	-	5,361	5,361	-
Park and Boat Permits	6,071	11,829	12,545	5,355
Total State Funds	\$ 50,489	689,940	696,198	44,231

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

BARTON COUNTY, KANSAS
Expendable Trust Funds, Distributable Funds, State Funds, Subdivision Funds and Agency Funds
Statement of Cash Receipts and Cash Disbursements - Actual
For the Year Ended December 31, 2001

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Subdivision Funds:				
Cities	\$ -	4,267,836	4,267,862	(26)
Townships	-	1,469,513	1,469,513	-
School Districts	-	8,139,611	8,139,820	(209)
Ellinwood Hospital District	-	232,572	232,572	-
Barton County Community College	-	5,831,194	5,831,194	-
Central Kansas Library System	-	108,106	108,106	-
Cemetery Districts	-	75,218	75,218	-
Wet Walnut Creek Watershed District	-	17,170	17,170	-
Big Bend Groundwater Management	-	29,745	29,745	-
Total Subdivision Funds	-	20,170,965	20,171,200	(235)
Agency Funds:				
County Sheriff	2,787	51,553	49,171	5,169
Register of Deeds	1,005	218,877	210,603	9,279
County Clerk	-	22,165	22,165	-
District Court	266,814	1,105,551	1,070,113	302,252
Total Agency Funds	270,606	1,398,146	1,352,052	316,700
Totals	\$ 14,961,212	51,234,060	50,657,688	15,537,584

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

BARTON COUNTY, KANSAS
Statement of Changes in Long-Term Debt and
Annual Debt Service Requirements to Maturity
For the Year Ended December 31, 2001

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance 1/1/01	Additions	Payments	Net Change	Balance 12/31/01
Barton County									
General Obligation Bonds:									
Series 2001-A	4.1-5.5%	05/05/01	\$ 2,720,000	12/05/11	\$ -	2,720,000	-	2,720,000	2,720,000
Capital Leases:									
Commercial Federal Bank of Great Bend IBM AS 400 Computer System	4.20%	07/20/99	80,000	07/20/02	54,422	-	26,652	(26,652)	27,770
Lucent Prologix Telephone System	4.23%	07/20/99	70,000	07/20/02	47,626	-	23,320	(23,320)	24,306
Coronado Bank of Lyons 1999 Plymouth	5.90%	05/15/00	18,498	05/15/02	12,005	-	5,840	(5,840)	6,165
2000 Dodge Caravan	6.20%	11/15/00	16,400	11/30/02	10,628	-	5,154	(5,154)	5,474
Southwestern Bell Financial Services	7.82%	12/15/98	11,990	12/15/03	7,742	-	2,384	(2,384)	5,358
Caterpillar Financial Services Corp. 615C Caterpillar Scraper	5.50%	05/07/01	164,183	01/01/02	-	164,183	-	164,183	164,183
Compensated Absences	N/A	N/A	N/A	N/A	628,450	8,368	-	8,368	636,818
Landfill Closure and Post Closure Care	N/A	N/A	N/A	N/A	1,694,380	-	-	920,662	2,615,042
Total Long-Term Debt - Barton County					\$ 2,455,253	2,892,551	63,350	3,749,863	6,205,116
Fire District No. 1									
Community Bank of the Mid-West Claflin Rural Fire Department Building	5.40%	03/05/99	238,023	07/25/11	\$ 185,774	-	12,806	172,968	6,205,116

Annual debt service requirements to maturity for General Obligations Bonds is as follows:

Year	Barton County		
	Principal Due	Interest Due	Total Principal and Interest Due
2002	\$ 190,000	149,600	339,600
2003	235,000	132,825	367,825
2004	245,000	117,045	362,045
2005	260,000	102,500	362,500
2006	270,000	73,390	343,390
2006 and after	1,520,000	272,630	1,792,630
	\$ 2,720,000	847,990	3,567,990

Annual debt service requirements to maturity for Capital Leases is as follows:

Year	Barton County			Fire District No. 1		
	Principal Due	Interest Due	Total Principal and Interest Due	Principal Due	Interest Due	Total Principal and Interest Due
2002	\$ 230,473	3,251	233,724	13,497	9,340	22,837
2003	2,783	137	2,920	14,228	8,611	22,837
2004	-	-	-	14,994	7,843	22,837
2005	-	-	-	15,803	7,034	22,837
2006	-	-	-	16,657	6,180	22,837
2006 and after	-	-	-	97,791	16,397	114,188
	\$ 233,256	3,388	236,644	\$ 172,968	55,405	228,373

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

1. Summary of Accounting Policies:

The County has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented on the cash basis of accounting, as appropriate in conformance with Kansas Statutes. The following is a summary of the more significant policies:

A. Reporting Entity

Barton County, Kansas is a municipal corporation governed by an elected three-member commission. These financial statements present Barton County, Kansas only and one of its component units. In evaluating how to define the County for financial reporting purposes, management considered all potential component units. The basic, but not only, criterion for including or excluding a potential component unit was the County's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. The following are considered component units of the County. Not all of the component units are included in the County's reporting entity because of their operational or financial relationships with the County. The following are component units of the County:

1. Law Library - The Law Library is fiscally independent of the County. It is required by statute to be audited as part of the County audit. The Law Library is housed in County offices but is operated independent of the County's governing body.
2. Conservation District - Barton County Conservation District is operated by an elected five-member board of supervisors. The District conducts programs related to soil erosion, flood damage prevention, and water quality. The County annually provides significant operating subsidies to the District.

3. Extension Council - Barton County Extension Council provides services in such areas as agriculture, home economics, and 4-H Club to all persons in the County. The council is an elected four-member executive board. The County annually provides significant operating subsidies to the council.
4. Fire District No. 1 and Fire District No. 1 Special Equipment - Fire District No. 1 provides fire protection to a large portion of the northeast section of Barton County. Fire District No. 1 is under the general supervision of the Board of Fire District No. 1, but through an administrative agreement receives financial advice from Barton County.

B. Fund Accounting

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 of the County for the year of 2001.

Governmental Funds

General Fund - To account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - To account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Proprietary Funds

Enterprise Funds - To account for operations that are financed and operated in a manner similar to private business enterprises - where the stated intent is that the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

BARTON COUNTY, KANSAS
Notes to Financial Statements
December 31, 2001

1. Summary of Accounting Policies (continued):

B. Fund Accounting (continued)

Proprietary Funds (continued)

Internal Service Fund - To account for the financing of services provided by one department to other departments of the County on a cost reimbursement basis. The health self-insurance program is accounted for as an Internal Service Fund.

Fiduciary Funds

Agency Funds - To account for assets held by a governmental unit as trustee or agent for others.

Expendable Trust Funds - To account for assets held by a governmental unit as trustee or agent for others. The principal and income of these funds may be expended in the course of the funds' designated operations.

C. Basis of Accounting

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

The municipality has obtained a GAAP waiver from the State of Kansas, which allows the municipality to revert to the statutory basis of accounting.

Departure from Generally Accepted Accounting Principles - The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown

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

D. Budgets

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1.
- b. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The County amended the budgets for the General Fund and Special Alcohol Fund during 2001.

The statutes permit transferring budgeted amounts between line items within an individual fund.

BARTON COUNTY, KANSAS
Notes to Financial Statements
December 31, 2001

1. Summary of Accounting Policies (continued):

D. Budgets (continued)

statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures. All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapse at year-end.

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

- LEPC Fund
- Barton County Minority Affairs Fund
- Special Bridge Replacement Fund
- Tornado Disaster Relief Fund
- Capital Improvements Fund
- Equipment Replacement Fund
- Youth Attendant Care Fund
- Improvement Fund for General
Obligation Bonds
- Alternative Dispute Resolution Fund
- JAI Block Grant Fund
- Case Management Fund
- Unemployment Compensation Fund

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

E. Deposits and Investments

Deposits - At year-end the carrying amount of the County's deposits, including certificates of deposit, was \$27,659,585. The bank balance was \$28,160,437. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$613,515 was covered by FDIC insurance and \$27,546,922 was collateralized by pledged securities held under joint custody receipts issued and guaranteed bonds by a third-party bank in the County's

name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the County, the pledging bank, and the independent third party bank holding the securities.

Investments - Kansas statutes authorize the County to invest in U.S. Treasury bills and notes, repurchase agreements, and the State Municipal Investment Pool. All investments must be insured, registered, or held by the County or its agent in the County's name. The County's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. All of the County's investments for 2001 were Category 1 investments.

F. Property Tax Calendar

Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by June 20th. Major tax distributions are made in January through July. Lien dates for personal property are March and August, and lien dates for real estate property are in September. Delinquent tax payments, received throughout the year are recognized as revenue in the year received.

G. Compensated Absences

Employees of Barton County, Kansas must work for a period of 1 year before any vacation is accumulated. From 0 to 1 year of work, an employee is allowed ½ day of vacation per month of service. After 1 year of employment, an employee accrues 12 days per year. After 5 years of employment, an employee accrues 15 days of vacation. After 10 years of employment, an employee accrues 18 days of vacation. After 16 years of employment, an employee accrues 21 days of vacation. An employee may accumulate and carryover 7 days of vacation to the next year.

The County's sick leave policy provides for 1 sick day for each month of employment with an accumulation of 12 sick days per year up to a maxi-

BARTON COUNTY, KANSAS
Notes to Financial Statements
December 31, 2001

1. Summary of Accounting Policies (continued):

G. Compensated Absences (continued)

sum of 60 days. Employees are not paid for unused sick days upon termination of employment unless the employee has 5-19 or more years of continuous County employment. In these cases the employee will be paid for unused sick leave at the rate of 25 percent of the final pay rate for each accrued day. If the employee has 20 or more years of continuous County employment, the employee will be paid 50 percent of the final pay rate for each accrued day.

A potential liability of \$162,486 for accumulated vacation time and \$474,332 for accumulated sick leave time existed at December 31, 2001.

H. Defined Benefit Pension Plan

Barton County, Kansas 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. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4.0% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2001 is 2.77%. The Barton County, Kansas' contributions to KPERS for the years ending December 31, 2001, 2000 and 1999 were \$114,602, \$109,656, and \$102,181, respectively, equal to the required contributions for each year.

I. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County funds all amounts of compensation deferred under the plan at the direction of the covered employee, through investments in fixed and variable rate annuity contracts and mutual funds.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County subject only to the claims of the County general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

The County has no liability for losses under the plan but does not have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

All investments are uninsured and unregistered for which the securities are held by the counter party's trust department or agent in the County's name. The balance at December 31, 2001 aggregated \$383,143.

2. Operating Transfers:

The County's operating transfers for the year ended December 31, 2001 were as follows:

<u>From</u>	<u>To</u>	<u>K.S.A.</u>	<u>Amount</u>
General Fund	Capital Improvements Fund	12-1,118	\$ 431,674
General Fund	Equipment Replacement Fund	12-1,117	59,331
Noxious Weed Fund	Capital Improvements Fund	12-1,118	15,000
Noxious Weed Fund	Equipment Replacement Fund	12-1,118	42,000
Health Fund	Equipment Replacement Fund	12-1,117	6,484
Road and Bridge Fund	Capital Improvements Fund	12-1,118	50,000
Road and Bridge Fund	Special Bridge Replacement Fund	68-1,135	100,000
Road and Bridge Fund	Equipment Replacement Fund	12-1,117	200,000

BARTON COUNTY, KANSAS
Notes to Financial Statements
December 31, 2001

3. Closure and Post Closure Costs of Landfill:

State and federal laws and regulations require the County to place a final cover on its landfill site when State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County has a potential liability for a portion of this closure and post closure care costs in each period based on the landfill capacities used as of each year end. The estimated closure cost is \$2,228,438 and the estimated post closure cost is \$3,183,800. These figures comprise the estimated closure and post closure cost of \$5,412,238. At December 31, 2001, the permit for 2001 identifies that 62% of the landfill currently permitted to be open and that the remaining life of the landfill is 35 years. The County is also required by regulations to provide financial assurance for the closure and post closure costs. The allowable mechanisms for this financial assurance are as follows: 1) Trust fund, 2) Surety bond guaranteeing payment or performance, 3) Letter of credit, 4) Insurance certificate, and 5) A financial test for local governments. Barton County, Kansas has elected to use the financial test to provide financial assurance. Barton County, Kansas is in compliance with the financial test as of December 31, 2001.

The above figures have been estimated and the potential for changes due to inflation or deflation, technology, or applicable laws or regulations, exists to affect the above calculations.

4. Capital Projects:

At year-end capital projects authorizations compared with expenditures from inception are as follows:

	Project Authorization	Expenditures to Date
Solid Waste Project	\$ 2,720,000	\$ 1,584,485

5. Self-Insurance Health Care Coverage:

During the year ended December 31, 2001, employees of the County were covered by the County's medical self-insurance plan (the "plan"). The County contributed approximately \$255 for a single and family plan per month per participating employee to the plan. Claims were paid by a third party administrator acting on behalf of the County. The plan was authorized by Kansas law and was

documented by contractual agreement. The administrator is renewable annually and administrative fees and stop-loss premiums are included in the contractual provisions. The County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Blue Cross - Blue Shield of Kansas, a commercial insurer licensed to do business in Kansas in accordance with the Kansas insurance code. Stop loss coverage was in effect for individual claims exceeding \$30,000 and for aggregate loss, which is based on a factor determined by Blue Cross - Blue Shield of Kansas. The aggregate stop-loss provision for the year of 2001 was \$596,904. Latest financial statements for Blue Cross - Blue Shield of Kansas, available for the year ended December 31, 2001, are filed with the State of Kansas Insurance Commissioner, Topeka, Kansas and are public records.

Self-Insurance Liability	Beginning of Fiscal Year Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2000	968,233	338,905	319,681	987,457
2001	987,457	346,541	341,626	992,372

6. Use of Estimates:

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Comparative Data:

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the County's cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statements 1 and 2) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

8. Litigation:

The County is party to various legal proceedings, which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the County.

9. Risk Management-Claims and Judgements:

The County covers significant losses through insurance for all major programs, except for employee's medical expenses, which are partially self-insured (See Note 5). For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the prior three years.

10. Reimbursed Expense:

The County records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund.

11. Federal and State Grants:

In the normal course of operations, the County receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits is not believed to be material.

12. Compliance with Kansas Statutes:

The Project Stay Fund, had expenditures in excess of available cash. This appears to be a violation of cash basis law K.S.A. 10-1113. The Project Stay Fund is funded by the State of Kansas on a reimbursement basis and thus the negative cash balance at December 31, 2001 does not constitute an actual violation of K.S.A. 10-1113 as the County received reimbursement for these expenditures in January of 2002.

The County's funds deposited at Landmark National Bank were not adequately secured at December 31, 2001. This appears to be a violation of K.S.A. 9-1402.

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SUPPLEMENTAL INFORMATION

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ADAMS, BROWN, BERAN
& BALL, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

James F. Adams, C.P.A.

Terrance W. Brown, C.P.A.
Kenneth L. Beran, C.P.A.
Richard A. Ball, C.P.A.
Galen M. Pfeifer, C.P.A.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Rex D. Ball, C.P.A.
Nancy A. Francis, C.P.A.
Kim H. Hullman, C.P.A.
William D. Glazner, C.P.A.
Sheryl K. Schamaun, C.P.A.
Steven R. Baumrucker, C.P.A.
Brian C. Staats, C.P.A.
Tyler W. Miller, C.P.A.

To the Board of County Commissioners
Barton County, Kansas
Great Bend, Kansas 67530

Compliance

We have audited the compliance of Barton County, Kansas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2001. Barton County, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Barton County, Kansas' management. Our responsibility is to express an opinion on Barton County, Kansas' compliance based on our audit.

We conducted our audit of compliance in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards, the audit guide and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Barton County, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Barton County, Kansas' compliance with those requirements.

In our opinion, Barton County, Kansas complied, in all material respects, with the requirements referred to

above that are applicable to each of its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

The management of Barton County, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Barton County, Kansas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

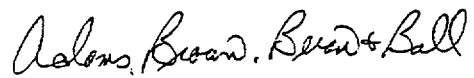
This report is intended solely for the information and use of the Barton County Commissioners, management, federal awarding agencies and pass-through entities and for filing with the Kansas Department of Administration, Division of Accounts

Great Bend — Hays — Ellinwood — St. John —
LaCrosse — McPherson — Colby — Hutchinson — Lyons

Bank of America Building
Suite 2A
P.O. Drawer J
Great Bend, Kansas 67530
(620) 792-2428 Fax (620) 792-5559
www.abbb.com

To the Board of County Commissioners
Barton County, Kansas
Page Two

and Reports, and is not intended to be and should not
be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Adams, Brown, Beran & Ball".

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

May 17, 2002

BARTON COUNTY, KANSAS
Schedule of Expenditures of Federal Awards and Notes
For the Year Ended December 31, 2001

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Cash Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through State Department of Health and Environment: Special Supplemental Food Program for Women, Infants and Children	10.557	N/A	\$ 169,910
<u>U.S. Department of Health and Environment</u>			
Passed Through State Department of Health and Environment: Child Care Licensing and Registration Program	93.037	N/A	12,266
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	N/A	4,326
Family Planning - Services	93.217	N/A	42,800
Preventive Health and Health Services Block Grant	93.991	N/A	20,324
Maternal and Child Health Services Block Grant - To States	93.994	N/A	28,541
<u>U.S. Department of Justice</u>			
Passed Through State Department of Juvenile Justice Authority: Juvenile Accountability Incentive Block Grant	16.523	N/A	126,753
Teen Court	16.523	N/A	500
Title V Delinquency Prevention Grant	16.548	N/A	75,189
<u>U.S. Department of Commerce</u>			
Passed Through State Department of Commerce and Housing: Community Development Block Grant	14.219	N/A	265,865
<u>U.S. Department of Transportation</u>			
Passed Through State Department of Transportation: State and Community Highway Safety	20.600	N/A	3,467
<u>Federal Emergency Management Agency</u>			
Pass Through State Division of Emergency Management: Public Assistance Grant	83.544	N/A	194,424
Emergency Management Performance Grant	83.552	N/A	19,050
Total			\$ <u>963,415</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

BARTON COUNTY, KANSAS

Notes to the Schedule of Expenditures of Federal Awards and Notes
December 31, 2001

1. Summary of Significant Accounting Policies**A. Basis of Accounting -**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Barton County, Kansas, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

B. Community Development Block Grant -

Included in the cash expenditures reported for the Community Development Block Grant on the Schedule of Expenditures of Federal Awards is the cash balance as of January 1, 2001 in the Economic Development Revolving Loan Fund. The cash balance is comprised of funds that had been previously loaned out to area businesses but were subsequently paid back to the fund. The cash balance of \$265,865 as of January 1, 2001 was available to be loaned out to businesses during the year.

BARTON COUNTY, KANSAS
Schedule of Findings and Questioned Costs
December 31, 2001

A. Summary of Audit Results -

1. The auditors' report expresses a qualified opinion on the financial statements of Barton County, Kansas. The opinion is qualified because not all of the component unit financial information is included in the financial statements.
2. One reportable condition disclosed during the audit of the financial statements is reported in the Report on Compliance and on Internal Control.
3. No instances of noncompliance material to the financial statements of Barton County, Kansas, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to each Major Program.
5. The auditors' report on compliance for the major federal award programs for Barton County, Kansas, expresses an unqualified opinion on all major federal programs.
6. Reportable conditions relative to the major federal award programs for Barton County, Kansas were not found.
7. The program tested as major was: The Community Development Block Grant, CFDA #14.219.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Barton County, Kansas was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit -

Reportable Condition

Statement of Condition - The Organization did not have adequate segregation of duties.

Criteria - Internal controls should be in place to insure that employees do not have incompatible duties.

Effect of the Condition - Management may not become aware of problems or irregularities within a timely manner.

Recommendation - None - The size of the Organization precludes management from hiring additional personnel. Therefore, it would be unfeasible for the Organization to have adequate internal control.

C. Findings and Questioned Costs - Major Federal Award Programs Audit -

No findings noted.

BARTON COUNTY, KANSAS
Summary Schedule of Prior Year Audit Findings
December 31, 2001

Findings and Questioned Costs - Major Federal Award Programs Audit -

No prior year audit findings

APPENDIX C

Specimen Financial Guaranty Insurance Policy

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Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

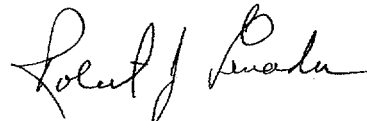
In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

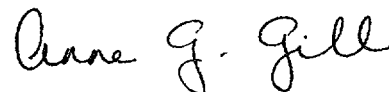
As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.



President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)



Authorized Officer of Insurance Trustee

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