Book-Entry Only **Rating: S&P: "A-"**
New Issue/Bank Qualified (Series 2011A only) **See "CERTIFICATE RATING" herein.**

In the opinion of Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the Interest Portion of the Basic Rent Payments made by the City under the Lease and distributed to the owners of the Series 2011A Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal and State of Missouri income tax purposes, except as described in this Official Statement, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The portion of the Lease attributable to the Series 2011A Certificates has been designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. The Interest Portion of the Basic Rent Payments made by the City under the Lease and distributed to the owners of the Series 2011B Certificates is includable in gross income in accordance with the owner's normal method of accounting. See ***"TAX MATTERS"*** *herein.*

OFFICIAL STATEMENT

$9,865,000
CERTIFICATES OF PARTICIPATION
(CITY OF WAYNESVILLE, MISSOURI, LESSEE)
SERIES 2011A

$1,270,000
TAXABLE CERTIFICATES OF PARTICIPATION
(CITY OF WAYNESVILLE, MISSOURI, LESSEE)
SERIES 2011B

Evidencing Proportionate Interests of the Owners
Thereof in Basic Rent Payments to be Made by the
CITY OF WAYNESVILLE, MISSOURI
as Lessee pursuant to a Lease Purchase Agreement with BOKF, N.A., as Lessor

Dated: Date of Original Execution and Delivery **Due: March 1, as shown on inside cover page**

The Series 2011 Certificates will be executed and delivered in fully registered form in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2011 Certificates. Purchases of the Series 2011 Certificates will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof as described above. Purchasers will not receive certificates representing their interests in Series 2011 Certificate purchases. So long as Cede & Co. is the registered owner of the Series 2011 Certificates, as nominee of DTC, references herein to the Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Series 2011 Certificates. Interest Portions of Basic Rent represented by the Series 2011 Certificates are payable semiannually on March 1 and September 1 of each year, to and including the date of maturity or prepayment, whichever is earlier, commencing on March 1, 2012.

The Series 2011 Certificates evidence the ownership of proportionate interests in, and rights to receive payments under, that certain Lease Purchase Agreement, dated as of October 1, 2011 (the "Lease"), entered into between BOKF, N.A., a national banking association (the "Trustee"), as lessor, and the City of Waynesville, Missouri (the "City"), as lessee. The Series 2011 Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of October 1, 2011, made by the Trustee. Neither the Series 2011 Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee does not have any obligations under or with respect to the Series 2011 Certificates or the Basic Rent Payments.

A substantial portion of the financed property will be subleased to the Community College District of Central Southwest Missouri (also known as Ozarks Technical Community College) (the "District") pursuant to a Facilities Lease with Purchase Option dated as of October 1, 2011 (the "District Sublease") between the City and the District.

The Series 2011 Certificates are subject to optional and mandatory prepayment prior to maturity as described herein. See **"THE SERIES 2011 CERTIFICATES - Prepayment"** herein.

AN INVESTMENT IN THE SERIES 2011 CERTIFICATES INVOLVES A CERTAIN DEGREE OF RISK. PROSPECTIVE PURCHASERS SHOULD BE ABLE TO EVALUATE THE RISKS AND MERITS OF AN INVESTMENT IN THE SERIES 2011 CERTIFICATES BEFORE CONSIDERING A PURCHASE OF THE SERIES 2011 CERTIFICATES. SEE **"RISK FACTORS AND INVESTMENT CONSIDERATIONS"** HEREIN.

The Series 2011 Certificates constitute interests in Basic Rent Payments to be made by the City. The City's obligation to make Basic Rent Payments and the other obligations of the City under the Lease are subject to and dependent upon annual appropriations being made by the City for such purpose, including from Facilities Basic Rent (as defined in the District Sublease) paid by the District. The City will assign its interest in the District Sublease, including the right to receive Facilities Basic Rent (as defined therein) to the Trustee. The District's obligation to pay Facilities Basic Rent is subject to annual appropriation by the District. See **"SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Nonappropriation"** herein.

THE CERTIFICATES, THE BASIC RENT PAYMENTS AND OTHER AMOUNTS DUE UNDER THE LEASE DO NOT CONSTITUTE AN OBLIGATION OF THE CITY IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR AS TO WHICH THE CITY HAS APPROPRIATED FUNDS TO PAY BASIC RENT PAYMENTS AND OTHER AMOUNTS REASONABLY ANTICIPATED TO COME DUE UNDER THE LEASE. IN THE EVENT THE CITY FAILS TO BUDGET, APPROPRIATE OR OTHERWISE PROVIDE FOR SUFFICIENT FUNDS TO PAY BASIC RENT PAYMENTS AND REASONABLY ANTICIPATED OTHER AMOUNTS TO COME DUE DURING THE IMMEDIATELY FOLLOWING FISCAL YEAR, THE LEASE WILL TERMINATE AT THE END OF THE THEN CURRENT FISCAL YEAR OF THE CITY. UPON TERMINATION OF THE LEASE, THE CERTIFICATES WILL BE PAYABLE SOLELY FROM MONEYS, IF ANY, HELD BY THE TRUSTEE UNDER THE DECLARATION OF TRUST, AND ANY AMOUNTS RESULTING FROM A SALE OR LEASE OF THE LEASED PROPERTY. THE OBLIGATION OF THE CITY TO PAY BASIC RENT DOES NOT CONSTITUTE A DEBT OF THE CITY IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, AND SHALL NOT CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, PROPERTIES OR MONEYS OF THE CITY BEYOND ANY THEN CURRENT FISCAL YEAR DURING WHICH THE LEASE IS IN EFFECT. THE CITY IS NOT OBLIGATED TO LEVY ANY TAXES IN ORDER TO RAISE REVENUES TO MAKE BASIC RENT PAYMENTS.

The Series 2011 Certificates are offered when, as and if executed and delivered by the Trustee, subject to the approval of their validity by Gilmore & Bell, P.C., St. Louis, Missouri, Special Tax Counsel, as described herein. Certain legal matters will be passed upon for the City by its counsel, Ralph W. Muxlow, II, P.C., Waynesville, Missouri, for the District by Lathrop & Gage LLP, Springfield, Missouri, and for the Underwriter by its counsel, Thompson Coburn LLP, St. Louis, Missouri. It is expected that the Series 2011 Certificates in definitive form will be available for delivery at The Depository Trust Company in New York, New York, on or about October 31, 2011.

STIFEL NICOLAUS

The date of this Official Statement is October 18, 2011.

MATURITY SCHEDULE

SERIES 2011A CERTIFICATES

Serial Certificates

Maturity March 1	Principal Amount	Interest Rate	Price	CUSIP 946732
2015	$175,000	2.500%	100.796%	BR4
2016	180,000	3.000%	101.421%	BS2
2017	185,000	3.250%	101.467%	BT0
2018	190,000	3.500%	101.417%	BU7
2019	200,000	3.750%	101.277%	BV5
2020	205,000	4.000%	101.555%	BW3
2021	325,000	4.000%	100.347%	BX1
2022	405,000	4.000%	99.160%	BY9
2023	420,000	4.100%	99.100%	BZ6
2024	440,000	4.200%	99.045%	CA0
2025	460,000	4.300%	98.994%	CB8
2026	475,000	4.400%	98.946%	CC6
2027	500,000	4.500%	98.902%	CD4
2028	520,000	4.600%	98.862%	CE2
2029	550,000	4.700%	99.058%	CF9
2030	570,000	4.750%	98.788%	CG7
2031	595,000	4.800%	98.630%	CH5

Term Certificates

$1,290,000 5.000% Term Series 2011A Certificates due March 1, 2033, Price 100.000%, CUSIP: 946732 CJ1.
$2,180,000 5.000% Term Series 2011A Certificates due March 1, 2036, Price 99.297%, CUSIP: 946732 CK8.

SERIES 2011B CERTIFICATES

Serial Certificates

Maturity March 1	Principal Amount	Interest Rate	Price	CUSIP 946732
2013	$135,000	2.000%	100.000%	CL6
2014	140,000	2.375%	100.000%	CM4
2015	145,000	2.750%	100.000%	CN2
2016	145,000	3.125%	100.000%	CP7
2017	150,000	3.500%	100.000%	CQ5
2018	155,000	3.850%	100.000%	CR3
2019	165,000	4.200%	100.000%	CS1
2020	170,000	4.500%	100.000%	CT9
2021	65,000	4.750%	100.000%	CU6

CITY OF WAYNESVILLE, MISSOURI
601 Historic 66 W
Waynesville, Missouri 65583
(573) 774-6171

MAYOR
Cliff Hammock

CITY COUNCIL
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ADMINISTRATION
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St. Louis, Missouri

UNDERWRITER'S COUNSEL
Thompson Coburn LLP
St. Louis, Missouri

UNDERWRITER
Stifel, Nicolaus & Company, Incorporated
St. Louis, Missouri

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REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City, the District or the Underwriter to give any information or to make any representation with respect to the Series 2011 Certificates offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2011 Certificates offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IF AND WHEN THE HOLDER OF A SERIES 2011 CERTIFICATE ELECTS TO SELL SUCH SERIES 2011 CERTIFICATE PRIOR TO ITS STATED PAYMENT DATE, THERE IS NO ASSURANCE THAT A MARKET WILL HAVE BEEN ESTABLISHED, MAINTAINED OR WILL BE IN EXISTENCE FOR THE PURCHASE AND SALE OF THE SERIES 2011 CERTIFICATES. THE UNDERWRITER OF THE SERIES 2011 CERTIFICATES INTENDS, BUT ASSUMES NO OBLIGATION, TO ESTABLISH OR MAINTAIN SUCH A MARKET, AND THE UNDERWRITER IS NOT OBLIGATED TO REPURCHASE ANY OF THE SERIES 2011 CERTIFICATES AT THE REQUEST OF THE HOLDER THEREOF.

THE SERIES 2011 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS, NOR HAS THE DECLARATION OF TRUST BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED THEREIN.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE DISTRICT AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United State Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "budget" or other similar words. Such forward looking statements include, among others, certain statements under the sections in this Official Statement captioned **"RISK FACTORS AND INVESTMENT CONSIDERATIONS"** in this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS AND COMPETITORS, AND LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.

UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY AND THE DISTRICT ON THE DATE HEREOF, AND NEITHER THE CITY NOR THE DISTRICT ASSUMES ANY OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING."

TABLE OF CONTENTS

	Page
INTRODUCTION	1
Purpose of the Official Statement	1
The City	1
The District	1
Plan of Financing	2
The Transaction Documents	2
Security and Source of Payment; Limited Obligations	3
Parity Obligations	3
Annual Appropriation Lease	4
Financial Statements	4
Risk Factors and Investment Considerations	4
Continuing Disclosure	4
Definitions and Descriptions; Inspection of Documents	5
THE SERIES 2011 CERTIFICATES	5
General Provisions	5
Prepayment	6
ADDITIONAL CERTIFICATES	7
SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES	8
Limited Obligations	8
Available Revenue – Unconditional Obligations	8
Assignment of District Sublease	9
Nonappropriation	9
Base Lease	10
District Sublease	10
Revenue Fund	10
Maintenance of the Leased Property	10
Parity Obligations	11
THE CITY	11
THE DISTRICT	11
PLAN OF FINANCING	11
The Project and the Leased Property	11
SCHEDULE OF BASIC RENT PAYMENTS	13
ESTIMATED SOURCES AND USES OF FUNDS	14
THE TRUSTEE	14
RISK FACTORS AND INVESTMENT CONSIDERATIONS	14
Limited Obligations; Nonappropriation by City	15
Assignment of District Sublease; Nonappropriation by District	15
Results of a Nonappropriation	16
Expiration or Termination of the Lease	16
Changes in Economic, Demographic and Market Conditions	17
Impact of any Future Realignment or Closure of Fort Leonard Wood	17
Other Factors	18
Reserve Fund	18
Inability to Liquidate; Delays in Exercising Remedies	18
Damage, Destruction and Condemnation of the Leased Property	19
Leased Property Does Not Include All Property Financed or Refinanced with Proceeds of the Series 2011 Certificates	20
Sale of Trustee's Interest in the Leased Property May Not Produce Sufficient Proceeds to Pay Series 2011 Certificates in Whole	20
Effects on Securities Matters of Termination of the Lease	20
Effects on the Tax Exemption of the Certificates of Upon a Termination of the Lease	20
Amendment of the Declaration of Trust, the Base Lease, the Lease and the District Sublease	20
The Hancock Amendment	20
Proposed Federal Legislation	21
Risk of Taxability of the Interest Portion of the Basic Rent Payments Represented by the Series 2011 Certificates	21
Risk of Audit	22
Secondary Markets and Prices	22
Loss of Premium from Early Prepayment	23
CERTIFICATE RATING	23
LEGAL MATTERS	23
SUMMARY OF THE LEGAL DOCUMENTS	24
CONTINUING DISCLOSURE	24
UNDERWRITING	24
LITIGATION	25
City Litigation	25
District Litigation	25
TAX MATTERS	25
Opinion of Special Tax Counsel Regarding the Series 2011A Certificates	25
Other Tax Consequences to Owners of the Series 2011A Certificates	26
Federal and Missouri Income Tax Consequences to Owners of the Series 2011B Certificates	27
Other Tax Consequences to Owners of the Series 2011B Certificates	27
Other Federal Income Tax Consequences to Owners of all Series 2011 Certificates	27
MISCELLANEOUS	28

Appendix A - The City of Waynesville, Missouri
Appendix B - Audited Financial Statements of the City for Fiscal Year Ended March 31, 2011
Appendix C - Community College District of Central Southwest Missouri
Appendix D - Audited Financial Statements of the District for Fiscal Year Ended June 30, 2010
Appendix E - Definitions And Summaries Of Certain Principal Documents
Appendix F - Book-Entry-Only System
Appendix G - Registration, Transfer and Exchange of Series 2011 Certificates

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OFFICIAL STATEMENT

$9,865,000 CERTIFICATES OF PARTICIPATION (CITY OF WAYNESVILLE, MISSOURI, LESSEE) SERIES 2011A	$1,270,000 TAXABLE CERTIFICATES OF PARTICIPATION (CITY OF WAYNESVILLE, MISSOURI, LESSEE) SERIES 2011B

Evidencing Proportionate Interests of the Owners
Thereof in Basic Rent Payments to be Made by the
CITY OF WAYNESVILLE, MISSOURI
as Lessee pursuant to a Lease Purchase Agreement with
BOKF, N.A., as Lessor

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

Purpose of the Official Statement

This Official Statement, including the cover page, inside cover page and the appendices hereto (the "Official Statement"), is provided to furnish information with respect to the sale and delivery of the Certificates of Participation (City of Waynesville, Missouri, Lessee), Series 2011A in the aggregate principal amount of $9,865,000 (the "Series 2011A Certificates") and the Taxable Certificates of Participation (City of Waynesville, Missouri, Lessee), Series 2011B in the aggregate principal amount of $1,270,000 (the "Series 2011B Certificates" and, collectively with the Series 2011A Certificates, the "Series 2011 Certificates"), representing the proportionate interests of the owners thereof (the "Certificate Owners") in basic rent payments (the "Basic Rent Payments") to be made by the City of Waynesville, Missouri (the "City"), as the rental payments and purchase price of the interest of BOKF, N.A., a national banking association, as lessor (the "Trustee"), in the hereinafter defined Leased Property, pursuant to a Lease Purchase Agreement, dated as of October 1, 2011 (the "Lease"), entered into between the Trustee and the City, as lessee. See **"PLAN OF FINANCING"** herein. A substantial portion of the Leased Property will be subleased to the Community College District of Central Southwest Missouri (also known as Ozarks Technical Community College) (the "District") pursuant to a Facilities Lease with Purchase Option dated as of October 1, 2011 (the "District Sublease") between the City and the District.

The City

The City is the county seat of Pulaski County, Missouri and is located in the Ozark hills, along Interstate 44, approximately 86 miles northeast of Springfield, Missouri, 120 miles southwest of St. Louis, Missouri, and 240 miles southeast of Kansas City, Missouri. The City is largely rural and agrarian. The City is a city of the third class and political subdivision of the State of Missouri, organized and existing under the constitution and laws of the State. The City exercises powers of municipal government specifically granted by the State of Missouri. See the caption **"THE CITY"** herein and **APPENDIX A – THE CITY OF WAYNESVILLE, MISSOURI**.

The District

The District is a community college district located in the central-southwest region of Missouri encompassing the jurisdictional bounds of fifteen public school districts. The official formation of the Community College District of Central Southwest Missouri was approved in a public election held April 3, 1990. The District operates under the name "Ozarks Technical Community College," with its main campus located in Springfield, Missouri. The Richwood Valley campus is located in Christian County, Missouri, and education centers are located in Branson, Lebanon and Waynesville, Missouri. See the caption **"THE DISTRICT"** herein and **APPENDIX C – COMMUNITY COLLEGE DISTRICT OF CENTRAL SOUTHWEST MISSOURI**.

Plan of Financing

The proceeds received from the sale of the Series 2011 Certificates, will be used to provide funds to pay the costs of: (a) capital improvements, including, but not limited to (1) constructing, furnishing and equipping an education facility to be subleased to the District (including the acquisition of land therefor) and (2) such other capital improvements as the City Council deems advisable (collectively the "Project"), (b) refunding the City's obligations with respect to a Lease Purchase Agreement dated as of June 1, 2010, between the City and Crocker Real Estate Development Company, Inc., (c) funding capitalized interest, (c) funding a debt service reserve fund for the Series 2011 Certificates and (e) executing and delivering the Series 2011 Certificates.

The Series 2011 Certificates are payable (except to the extent payable from the income from the investment of the proceeds of the Series 2011 Certificates thereof) solely from the Basic Rent Payments to be paid by the City under the Lease, Facilities Basic Rent Payments to be paid by the District under the District Sublease, and to the extent received by the Trustee, net proceeds of certain insurance policies, condemnation awards or proceeds from the liquidation of interests in the Leased Property.

The Transaction Documents

Concurrently with the execution and delivery of the Series 2011 Certificates, the City and the Trustee will enter into a Base Lease dated as of October 1, 2011 (the "Base Lease"), pursuant to which the City will lease to the Trustee certain property located within the City, including any existing improvements located thereon (the "Real Property"), for a term ending March 1, 2056.

The Trustee is leasing its interest in the Real Property and the portion of the Project to be located thereon (collectively, the "Leased Property"), with the option to purchase that interest, to the City pursuant to the Lease. The Lease provides, among other things, for a term commencing on the date of issuance and delivery of the Series 2011 Certificates, and which will expire and terminate on the last day of the City's current Fiscal Year (March 31, 2012), subject to annual renewal, at the option of the City for one-year renewal terms, with a final such renewal term ending on March 1, 2036.

The City will lease a portion of the Leased Property (the "Facilities"), with an option to purchase that interest, to the District pursuant to the District Sublease. The District Sublease provides, among other things, for a term commencing on the date of issuance and delivery of the Series 2011 Certificates, and which will expire and terminate on the last day of the District's current Fiscal Year (June 30, 2012), subject to annual renewal, at the option of the District for one-year renewal terms, with renewal options extending beyond the final maturity of the Series 2011 Certificates. The City is authorized to enter into the Base Lease, the Lease and the District Sublease pursuant to an ordinance adopted by the City Council of the City. The District is authorized to enter into the District Sublease pursuant to a resolution adopted by the Board of Trustees of the District.

The Series 2011 Certificates are being executed and delivered pursuant to a Declaration of Trust dated as of October 1, 2011 (the "Declaration of Trust"), made by the Trustee. Neither the Series 2011 Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no liability or obligation under or with respect to the Certificates or the Basic Rent Payments.

The City intends to satisfy a substantial portion of its obligation to make Basic Rent Payments from funds derived from the lease payments under the District Sublease (the "Facilities Basic Rent"). The City's obligation to make such Basic Rent Payments is not, however, limited to the Facilities Basic Rent, and the Facilities Basic Rent will not be sufficient to satisfy the City's entire obligation to make Basic Rent Payments. The City intends to satisfy the remainder of its obligation to make Basic Rent Payments with respect to the Series 2011 Certificates from available funds of the City, subject to annual appropriation thereof by the City Council of the City.

The City has assigned its interest in the District Sublease, including the right to receive Facilities Basic Rent Payments, to the Trustee. The District's obligation to pay Facilities Basic Rent is subject to annual appropriation thereof by the Board of Trustees of the District.

Under the Declaration of Trust, the Trustee will hold all of its estate, right, title and interest in the Base Lease, the Lease and the District Sublease for the benefit of the Certificate Owners.

Security and Source of Payment; Limited Obligations

Under the Lease, the City has agreed to pay rental payments (the **"Basic Rent Payments"**), consisting of a Principal Portion (the **"Principal Portion"**) and an Interest Portion (the **"Interest Portion"**) that are distributable with respect to the Series 2011 Certificates, but only if and to the extent that the City Council of the City annually appropriates sufficient money to pay the Basic Rent Payments coming due during each succeeding Renewal Term. The Series 2011 Certificates represent undivided, proportionate interests in the Basic Rent Payments.

Neither the Series 2011 Certificates, the Lease nor any payments required under the Lease will constitute a mandatory payment obligation of the City in any year beyond the year during which the City is a lessee under the Lease, or constitute or give rise to a general obligation or other indebtedness of the City. The City is not legally obligated to budget or appropriate money for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Lease is in effect, and there can be no assurance that the City will appropriate funds to make Basic Rent Payments or renew the Lease after the Initial Term or any Renewal Term of the Lease. The City may terminate its obligations under the Lease on an annual basis. The City will have the option to purchase the Trustee's interest in the Leased Property at the times and upon the conditions described under **"SUMMARY OF THE LEASE – Purchase Option"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS**.

Neither the Series 2011 Certificates nor the Lease will constitute a debt or liability of the City, the State of Missouri or any other political subdivision thereof, nor will they constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The execution and delivery of the Lease will not obligate the City to levy any form of taxation for the payments required thereunder or to make any appropriation for such payments in any fiscal year subsequent to a fiscal year in which the Lease is in effect.

As security for the payment of the Series 2011 Certificates, the Declaration of Trust establishes a Reserve Fund (the **"Reserve Fund"**) in an amount equal to $804,985.00, with respect to the Series 2011A Certificates, and $127,000, with respect to the Series 2011B Certificates (each a **"Reserve Fund Requirement"**). The Reserve Fund will be funded on the date of execution and delivery of the Series 2011 Certificates from proceeds of the sale of the Series 2011 Certificates. Moneys in the Reserve Fund may be used to make up deficiencies in the Lease Revenue Fund. For more information, see **"SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Limited Obligations; Sources of Payment"** herein and **"SUMMARY OF THE DECLARATION OF TRUST – Reserve Fund"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** hereto.

Parity Obligations

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and compliance with the conditions set forth in the Declaration of Trust, so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Series 2011 Certificates and any other Additional Certificates, at any time and from time to time. The Series 2011 Certificates, together with any Additional Certificates, are collectively the **"Certificates."** See the caption **"SUMMARY OF THE DECLARATION OF TRUST — Additional Certificates"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** to this Official Statement.

Annual Appropriation Lease

THE CERTIFICATES, THE BASIC RENT PAYMENTS AND OTHER AMOUNTS DUE UNDER THE LEASE DO NOT CONSTITUTE AN OBLIGATION OF THE CITY IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR AS TO WHICH THE CITY HAS APPROPRIATED FUNDS TO PAY BASIC RENT PAYMENTS AND OTHER AMOUNTS REASONABLY ANTICIPATED TO COME DUE UNDER THE LEASE. IN THE EVENT THE CITY FAILS TO BUDGET, APPROPRIATE OR OTHERWISE PROVIDE FOR SUFFICIENT FUNDS TO PAY BASIC RENT PAYMENTS AND REASONABLY ANTICIPATED OTHER AMOUNTS TO COME DUE DURING THE IMMEDIATELY FOLLOWING FISCAL YEAR, THE LEASE WILL TERMINATE AT THE END OF THE THEN CURRENT FISCAL YEAR. UPON TERMINATION OF THE LEASE, THE CERTIFICATES WILL BE PAYABLE SOLELY FROM MONEYS, IF ANY, HELD BY THE TRUSTEE UNDER THE DECLARATION OF TRUST, AND ANY AMOUNTS RESULTING FROM A SALE OR LEASE OF THE LEASED PROPERTY. THE OBLIGATION OF THE CITY TO PAY BASIC RENT DOES NOT CONSTITUTE A DEBT OF THE CITY IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, AND SHALL NOT CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, PROPERTIES OR MONEYS OF THE CITY BEYOND ANY THEN CURRENT FISCAL YEAR DURING WHICH THE LEASE IS IN EFFECT. THE CITY IS NOT OBLIGATED TO LEVY ANY TAXES IN ORDER TO RAISE REVENUES TO MAKE BASIC RENT PAYMENTS.

Financial Statements

The audited financial statements of the City for the Fiscal Year ended March 31, 2011, are included in **APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED MARCH 31, 2011** contained herein. Such financial statements have been examined by Davis, Lynn & Moots, P.C., Springfield, Missouri, certified public accountants, whose report thereon is also included in such appendix.

The audited financial statements of the District for the Fiscal Year ended June 30, 2010, are included in **APPENDIX D - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2010** contained herein. Such financial statements have been examined by Davis, Lynn & Moots, P.C., Springfield, Missouri, certified public accountants, whose report thereon is also included in such appendix.

Neither the City nor the District has requested nor received a consent of its independent auditor to the inclusion of its audit report in this Official Statement. Neither the City nor the District has caused its independent auditors, nor any other independent accountants, to examine its records or perform any procedures with respect to the City or the District since the date of the applicable audit report contained herein.

Risk Factors and Investment Considerations

Payment of the Principal Portions and Interest Portions of the Basic Rent Payments represented by the Series 2011 Certificates is subject to a certain degree of risk. The Certificates may not be a suitable investment for all persons. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Certificates, confer with their own legal and financial advisors and be able to bear the risk of loss of their investment in the Certificates before considering a purchase of the Certificates. See **"RISK FACTORS AND INVESTMENT CONSIDERATIONS."**

Continuing Disclosure

The City and the District have agreed in a Continuing Disclosure Undertaking dated as of October 1, 2011 (the "Continuing Disclosure Undertaking"), to provide certain financial and operating information by not later than 180 days after the end of its Fiscal Year, commencing with the Fiscal Year ending March 31, 2012, with respect to the City, and the Fiscal Year ending June 30, 2011, with respect to the District, and to provide notices of the occurrence of certain enumerated events. See **"SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING"** in **APPENDIX E - DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS.**

Definitions and Descriptions; Inspection of Documents

Certain capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings given to such terms in **APPENDIX E - DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS**. Summaries of the Base Lease, the Lease, the District Sublease, the Declaration of Trust and the Continuing Disclosure Undertaking are also included in **APPENDIX E - DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS**. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Base Lease, the Lease, the District Sublease, the Declaration of Trust and the Continuing Disclosure Undertaking are qualified in their entirety by reference to such documents, copies of which may be viewed at the principal corporate office of the Underwriter, Stifel, Nicolaus & Company, Incorporated, 501 North Broadway, 8th Floor, St. Louis, Missouri 63102, or will be provided by the Underwriter to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request. All references to the Series 2011 Certificates are qualified in their entirety by the definitive terms thereof and the information with respect thereto included in the Base Lease, the Lease, the District Sublease, the Declaration of Trust and the Continuing Disclosure Undertaking. Information concerning the City has been supplied by the City and information concerning the District has been supplied by the District. Such information has not been verified by the other or by the Trustee, and the Trustee makes no representation or warranty, express or implied, as to the accuracy or completeness of such information and neither the City nor the District makes any representation or warranty, express or implied, as to the accuracy or completeness of such information provided by the other.

THE SERIES 2011 CERTIFICATES

General Provisions

The Series 2011 Certificates are dated the date of their original execution and delivery, and the Principal Portion of Basic Rent Payments represented by each Series 2011 Certificate will bear interest at specified rates as set forth on the inside front cover page hereof. The Interest Portion of Basic Rent Payments represented by the Series 2011 Certificates will be payable semiannually on March 1 and September 1 of each year beginning on March 1, 2012 (the "Payment Dates"). The Principal Portion of Basic Rent Payments represented by the Series 2011 Certificates is payable on March 1 of the years and in the principal amounts set forth on the inside front cover page of this Official Statement.

Payment of the Interest Portion of the Basic Rent represented by any Certificates will be made to the person appearing on the registration books of the Registrar as the Owner thereof on the Record Date, such Interest Portion to be paid to such Owner by check or draft drawn on the Trustee and mailed to such Owner's address as it appears on the registration books of the Registrar on the Record Date or in the case of such Interest Portion to (1) the Securities Depository, or (2) by electronic transfer to any Owner upon written notice given to the Trustee by such Owner not less than 15 days prior to the Record Date for such Interest Portion, containing the electronic transfer instructions including the bank (which will be in the continental United States), ABA routing number and account name and number to which such Owner wishes to have such transfer directed.

The Series 2011 Certificates are issuable only as fully registered certificates, without coupons, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2011 Certificates. Purchases of the Series 2011 Certificates will be made only in book-entry form, in denominations of $5,000 or any integral multiple thereof. Purchasers of the Series 2011 Certificates ("Beneficial Owners") will not receive certificates representing their interest in the Series 2011 Certificates. So long as Cede & Co. is the registered owner of the Series 2011 Certificates, as nominee of DTC, references herein to the Owners shall mean Cede & Co. as aforesaid and shall not mean the Beneficial Owners of the Series 2011 Certificates. See **APPENDIX F – BOOK-ENTRY-ONLY SYSTEM** and **APPENDIX G – REGISTRATION, TRANSFER AND EXCHANGE OF SERIES 2011 CERTIFICATES**.

Prepayment

Mandatory Prepayment. The Series 2011A Certificates with a stated maturity date of March 1, 2033 and March 1, 2036 (the "Term Certificates") shall be subject to mandatory prepayment on the dates, and at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Term Certificates being prepaid plus the Interest Portion of Basic Rent accrued to the Prepayment Date, as follows:

Series 2011A Certificates Maturing March 1, 2033

Prepayment Date **March 1**	**Principal** **Portion**
2032	$630,000
2033*	660,000

* Final Maturity

Series 2011A Certificates Maturing March 1, 2036

Prepayment Date **March 1**	**Principal** **Portion**
2034	$695,000
2035	725,000
2036*	760,000

* Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory prepayment date, the City may (i) deliver to the Trustee for cancellation Term Certificates in any aggregate principal amount desired (ii) furnish the Trustee funds, together with appropriate instructions, for the purpose of purchasing any of said Term Certificates from any Owner thereof, whereupon the Trustee shall expend such funds for such purpose to such extent as may be practical, or (iii) receive a credit in respect to the mandatory prepayment obligation described above for any Term Certificates of the same series and payment date which prior to such date shall have been purchased or prepaid (other than through the operation of such mandatory prepayment provisions as aforesaid) and canceled by the Trustee and not theretofore applied against such mandatory prepayment obligation. Each Term Certificate so delivered or previously purchased or prepaid as described in the immediately preceding sentence shall be credited at 100% of the principal amount thereof against the obligation to prepay Term Certificates of the same series and payment date on the next succeeding mandatory prepayment date and any excess of such amount shall be credited on future mandatory prepayment obligations for Term Certificates of the same series and payment date in chronological order. If the City intends to exercise the option granted by clauses (i), (ii) or (iii) above, the City shall, on or before the 45th day next preceding each mandatory prepayment date, furnish the Trustee a certificate signed by an Authorized City Representative indicating to what extent said provisions of clauses (i), (ii) and (iii) are to be applied in respect to such mandatory prepayment requirement.

Optional Prepayment. The Series 2011A Certificates that evidence Principal Portions of Basic Rent payable to Certificate Owners on or after March 1, 2021 will be subject to optional prepayment, as a whole or in part, at any time on or after March 1, 2020, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Series 2011A Certificates being prepaid, plus the Interest Portion of Basic Rent accrued to the Prepayment Date, from amounts paid by the City upon the exercise of its option to purchase the Trustee's interest in the Leased Property or partially prepay Basic Rent Payments pursuant to the terms of the Lease.

The Series 2011B Certificates will not be subject to prepayment upon the option of the City except for extraordinary optional prepayment as set forth in the next paragraph.

Extraordinary Optional Prepayment. The Series 2011 Certificates will be subject to optional prepayment, as a whole, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Property, or as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Base Lease, the Lease or the District Sublease becomes unenforceable, and the City purchases the Trustee's interest in the Leased Property pursuant to **Section 10.01(c)** of the Lease.

Selection of Certificates for Prepayment. If less than all of the Outstanding Certificates are called for optional prepayment, Certificates will be prepaid in such order of stated payment dates as is determined by the City. Within a stated payment date the Trustee will select the Certificates or any given portion thereof to be prepaid by lot or such other equitable manner as the Trustee determines in principal amounts of $5,000 or integral multiples thereof.

*Partial Prepayment of Certificates***.** Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of the same series and payment date, equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered.

Notice of Prepayment. Unless otherwise provided in the Declaration of Trust, notice of prepayment will be given by the Trustee, not more than 60 days and not less than 30 days prior to the Prepayment Date, to the City and the Owner of each Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state (1) the Prepayment Date, (2) the place of prepayment, (3) the Prepayment Price, (4) if less than all, the identification of the Certificates to be prepaid, and (5) if a Certificate is being prepaid in part, the portion thereof being prepaid. Such notice will also state that the Interest Portion of the Basic Rent represented by the Certificates designated for prepayment will cease to accrue from and after such Prepayment Date and that on said date the Prepayment Price will become due and payable on each of said Certificates. The Trustee is authorized, at the direction of the City, to include a statement in the notice of prepayment to the effect that prepayment is conditioned upon the receipt by the Trustee of funds with which to pay the Prepayment Price. The failure of the Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as herein provided or any defect therein will not affect or invalidate the validity of any proceedings for the prepayment of such Certificate.

So long as the book-entry only system is used for the Series 2011 Certificates, the Trustee will give any notice of prepayment or any other notices required to be given to owners only to DTC. Any failure of DTC to advise any DTC Participant or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the prepayment of the Series 2011 Certificates so called for prepayment. Beneficial Owners may desire to make arrangements with a DTC Participant so that all notices of prepayment or other communications to DTC which affect such Beneficial Owners, including notification of all interest payments, will be forwarded in writing by such DTC Participant. See **APPENDIX F - BOOK-ENTRY-ONLY SYSTEM** hereto.

Effect of Prepayment. Notice of prepayment having been duly given as aforesaid, and funds sufficient for payment of the prepayment price of such Series 2011 Certificates being held by the Trustee, on the prepayment date designated in such notice, the Series 2011 Certificates so called for prepayment shall become due and payable at the prepayment price specified in such notice and the Interest Portion of Basic Rent represented by the Series 2011 Certificates so called for prepayment shall cease to accrue, said Series 2011 Certificates shall cease to be entitled to any benefit or security under the Declaration of Trust and the Owners of such Series 2011 Certificates shall have no rights in respect thereof except to receive payment of the prepayment price.

ADDITIONAL CERTIFICATES

The Trustee may, at any time upon compliance with certain terms and conditions set forth in the Declaration of Trust, deliver Additional Certificates for any purpose specified in the Declaration of Trust. Any Additional Certificates will be equally and ratably secured by the Declaration of Trust on a parity with the Certificates, except that the Trustee may deliver Additional Certificates which are not entitled to the benefits and security of the Reserve Fund. Concurrently with the delivery of any such Additional Certificates, the Trustee and the City shall deliver a Supplemental Lease obligating the City, subject to annual appropriation, to make payments of principal thereof and interest thereon in amounts and at times sufficient to provide for the timely payment of Principal Portion and Interest Portion of Basic Rent Payments represented by such Additional Certificates. See the caption **"SUMMARY OF THE DECLARATION OF TRUST — Additional Certificates"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** to this Official Statement.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Limited Obligations

Each Series 2011 Certificate evidences the undivided, proportionate interest of the Owner thereof in the right to receive Basic Rent Payments to be made by the City under the Lease. The Series 2011 Certificates are payable solely out of the Basic Rent Payments and other money and investments held by the Trustee under the Declaration of Trust.

The City's obligation to make Basic Rent Payments and other payments under the Lease is subject to annual appropriation by the City Council and will not constitute a debt or liability of the City, the State of Missouri or any political subdivision thereof. Neither the Lease nor the Series 2011 Certificates will constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The execution and delivery of the Lease and the Series 2011 Certificates will not obligate the City to levy any form of taxation therefor or to make any appropriation for their payment in any fiscal year subsequent to a fiscal year in which the Lease is in effect.

Under the terms of the Lease, if the City elects to renew the Lease at the end of the Initial Term or any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its general revenues derived from property taxes, sales taxes and other sources, which appropriation must be sufficient to make the Basic Rent Payments coming due during the ensuing fiscal year. To provide for the timely payment of Basic Rent Payments, the City has covenanted and agreed in the Lease to pay the Basic Rent Payments to the Trustee for deposit in the Lease Revenue Fund not less than 15 days before each Payment Date (but only if the City elects to renew the Lease for each Renewal Term). **There can be no assurance that the City Council will appropriate funds for Basic Rent Payments or renew the Lease for any subsequent Renewal Term. The City is not legally required to budget or appropriate money for any subsequent fiscal year beyond the current fiscal year.**

The City intends to satisfy its obligation to make Basic Rent Payments under the Lease from the Facilities Basic Rent Payments and other available funds of the City. The City has assigned its interest in the District Sublease, including the right to receive Facilities Basic Rent Payments, to the Trustee. The District's obligation to pay Facilities Basic Rent pursuant to the District Sublease is subject to annual appropriation by its Board of Trustees and will not constitute a debt or liability of the District, the State of Missouri or any political subdivision thereof.

In the event the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year. Upon termination of the Lease, the Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, including Facilities Basic Rent Payments, and any amounts resulting from a sale or subleasing of the Trustee's leasehold interest in the Leased Property pursuant to the Lease and the Declaration of Trust.

Neither the Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no obligation to make any payment with respect to the Certificates or the Lease.

Available Revenues - Unconditional Obligations

The City intends to satisfy a substantial portion of its obligation to make Basic Rent Payments from funds derived from the District's Facilities Basic Rent Payments under the District Sublease. The City's obligation to make such Basic Rent Payments is not, however, limited to such source of revenues, and such revenues are not expected to be sufficient to satisfy the City's entire obligation to make Basic Rent Payments. The City intends to satisfy the remainder of its obligation to make Basic Rent Payments with respect to the Series 2011 Certificates from available funds of the City, subject to annual appropriation thereof by the City Council of the City.

The City has assigned its interest in the District Sublease, including the right to receive Facilities Basic Rent Payments, to the Trustee. The District's obligation to pay Facilities Basic Rent is subject to annual appropriation thereof by the Board of Trustees of the District.

The City is obligated only to pay periodic payments under the Lease as may be lawfully made from all Available Revenues, including Facilities Basic Rent. "Available Revenues" means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted and appropriated by the City for such Fiscal Year from current revenues, Facilities Basic Rent received by the City or the Trustee pursuant to the District Sublease and any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

The Lease provides that the City's obligation to make the Basic Rent Payments is absolute and unconditional, subject to and dependent upon annual appropriations being made by the City for such purpose, and that after such appropriation each Basic Rent Payment is payable without any right of set-off or counterclaim. The City has covenanted that its responsible financial officer will do all things lawfully within his power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend this Lease for any Renewal Term is to be made in accordance with the City's normal procedures for such decisions by the then-current governing body of the City. See **"SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Nonappropriation."**

Assignment of District Sublease

The City has assigned its interest in the District Sublease, including the right to receive Facilities Basic Rent Payments, to the Trustee. The District and the Trustee have entered into a Consent, Nondisturbance and Attornment Agreement which provides that, if the Lease is terminated because of an Event of Default or Event of Nonappropriation by the City, the Trustee shall continue to lease the Facilities to the District under the terms of the District Sublease so long as the District is not in default thereof.

Nonappropriation

The City is obligated only to pay periodic payments under the Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, the Lease will be deemed terminated at the end of the then-current Original Term or Renewal Term. An Event of Nonappropriation will be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination promptly following the City's approval of a budget for the next succeeding Fiscal Year, but failure to give such notice will not extend the term beyond such Original Term or Renewal Term. If this Lease is terminated in accordance with this Section, the City agrees peaceably to transfer and surrender possession of the Leased Property to the Trustee.

The City has assigned its interest in the District Sublease, including the right to receive Facilities Basic Rent Payments, to the Trustee. If an Event of Nonappropriation occurs, or upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may take possession of the Leased Property, in which event the City shall take all actions necessary to authorize, execute and deliver to the Trustee all documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term, all of the City's interest in and to the Leased Property. The Trustee may then terminate the Lease and sublease the Leased Property or sell its leasehold interest therein; provided, however, that the Trustee may not terminate the District Sublease so long as the District is not in default thereunder. See **"SUMMARY OF THE LEASE -**

Events of Default, and - Remedies on Default" in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** and **"RISK FACTORS AND INVESTMENT CONSIDERATIONS"** herein.

Base Lease

The City will, pursuant to the Base Lease, lease the Leased Property to the Trustee, as lessee. The Leased Property is more fully described herein under **"PLAN OF FINANCING - The Project and the Leased Property."** The Base Lease is for a term ending March 1, 2056 (which is 20 years after the last scheduled stated payment date of the Series 2011 Certificates), unless sooner terminated if the City makes all payments required by the Lease. If an Event of Default or Event of Nonappropriation occurs under the Declaration of Trust or the Lease, the Trustee has the right to possess and use the Leased Property for the remainder of the term of the Base Lease, and, subject to the terms of the District Sublease, has the right to sublease the Leased Property or sell its interests under the Base Lease upon such terms as it deems prudent.

The proceeds from any sale of the Trustee's rights under the Base Lease or any sublease of the Leased Property are required to be paid to the Trustee and applied in accordance with the Declaration of Trust. **Owners of the Series 2011 Certificates are cautioned, however, that the nature of the Leased Property may impair the Trustee's ability to sell its interest in the Base Lease or to sublease the Leased Property upon the occurrence of an Event of Default or Event of Nonappropriation or to obtain an amount therefor that would be sufficient to pay the Principal Portions and the Interest Portions represented by all Certificates then outstanding.** See **"RISK FACTORS AND INVESTMENT CONSIDERATIONS - Expiration or Termination of the Lease."**

District Sublease

The City has assigned its interest in the District Sublease, including the right to receive Facilities Basic Rent Payments, to the Trustee. The District and the Trustee have entered into a Consent, Nondisturbance and Attornment Agreement which provides that, if the Lease is terminated because of an Event of Default or Event of Nonappropriation by the City, the Trustee shall continue to lease the Facilities to the District under the terms of the District Sublease so long as the District is not in default thereof.

Reserve Fund

A Reserve Fund is established by the Declaration of Trust to be held by the Trustee. The Reserve Fund is required to be funded from proceeds received from the sale of the Series 2011 Certificates and other moneys, in an amount equal to the Reserve Fund Requirement. Funds on deposit in any account of the Reserve Fund shall be used solely (i) to make up any deficiencies in the applicable Lease Revenues Fund and, in the event that the moneys in any account in the Lease Revenues Fund are insufficient to pay the Interest Portion or the Principal Portion of Basic Rent as the same comes due, the Trustee shall transfer an amount sufficient to make up such deficiency from the applicable account of the Reserve Fund to the Lease Revenues Fund or (ii) to make Basic Rent Payments, or deposits to the Lease Revenues Fund to make such payments, in the amount and at the time specified to the Trustee in a written request to the City and, in the event the Trustee receives any such request, it shall transfer the amount specified therein on the date specified therein.

As described above, the City has the right to direct the Trustee to use moneys on deposit in the Reserve Fund to make Basic Rent Payments. This right permits the City to, in effect, borrow from the Reserve Fund from time to time amounts necessary to make Basic Rent Payments. For more information, see **"SUMMARY OF THE DECLARATION OF TRUST – Reserve Fund"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** hereto.

Maintenance of the Leased Property

The City has agreed in the Lease, at its own expense, to keep or cause the District to keep the Leased Property in good condition and repair, ordinary wear and tear excepted. As provided in the Lease, the Trustee and the Owners of the Series 2011 Certificates will not have any obligation to incur any expense of any kind or character for the maintenance of the Leased Property during the term of the Lease.

Parity Obligations

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and compliance with the conditions set forth in the Declaration of Trust, so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Series 2011 Certificates and any other Additional Certificates, at any time and from time to time.

Unless provided otherwise in a supplement to the Declaration of Trust, any Additional Certificates will be in substantially the same form as the Series 2011 Certificates, but will bear such date or dates, bear such interest rate or rates, have such payment date or dates, prepayment dates and prepayment premiums, and be issued at such prices as are approved in writing by the City, subject to the requirements of the Declaration of Trust.

THE CITY

The City is the county seat of Pulaski County, Missouri, and is located in the Ozark hills, along Interstate 44, approximately 86 miles northeast of Springfield, Missouri, 120 miles southwest of St. Louis, Missouri, and 240 miles southeast of Kansas City, Missouri. While the region in which the City is located is largely rural and agrarian, the City is also influenced by Fort Leonard Wood, a United States military installation. The City is a city of the third class and political subdivision of the State of Missouri, organized and existing under the constitution and laws of the State. The City exercises powers of municipal government specifically granted by the State of Missouri. See **APPENDIX A – THE CITY OF WAYNESVILLE, MISSOURI**.

THE DISTRICT

The District is a community college district located in the central-southwest region of Missouri encompassing the jurisdictional bounds of fifteen public school districts. The official formation of the Community College District of Central Southwest Missouri was approved in a public election held April 3, 1990. The District operates under the name "Ozarks Technical Community College," with its main campus located in Springfield, Missouri. The Richwood Valley campus is located in Christian County, Missouri, and education centers are located in Branson, Lebanon and Waynesville, Missouri. See **APPENDIX C – COMMUNITY COLLEGE DISTRICT OF CENTRAL SOUTHWEST MISSOURI**.

PLAN OF FINANCING

The proceeds received from the sale of the Series 2011 Certificates, together with other moneys of the City, will be used to pay the costs of: (a) capital improvements, including, but not limited to (1) constructing, furnishing and equipping an education facility to be subleased to the District (including the acquisition of land therefor) and (2) such other capital improvements as the City Council deems advisable (collectively the "Project"), (b) refunding the City's obligations with respect to a Lease Purchase Agreement dated as of June 1, 2010, between the City and Crocker Real Estate Development Company, Inc., (c) funding capitalized interest, (d) funding a debt service reserve fund for the Series 2011 Certificates and (e) executing and delivering the Series 2011 Certificates.

The Project and the Leased Property

District Project. A portion of the proceeds of the Series 2011 Certificates will be used to finance the costs of acquiring land for and the construction, furnishing and equipping of an educational facility to be subleased to the District (the "District Project"). The District Project will be located near the Waynesville

Technical Academy on GW Lane northeast of the Highway H interchange on Interstate 44. The District Project is expected to be an approximately 25,000 square foot brick and masonry one-floor building.

Bates & Associates, Inc. has designed the District Project, but the construction contract has not yet been submitted for bid. The District has participated in the design of the District Project and will enter into the construction contracts relating thereto. The District anticipates commencement of construction in January 2012, with completion expected in January 2013.

City Project. A portion of the proceeds of the Series 2011 Certificates will be used to refund the City's obligations with respect to a Lease Purchase Agreement dated as of June 1, 2010, between the City and Crocker Real Estate Development Company, Inc. The City used the proceeds of the Lease Purchase Agreement to acquire a tract of land for the construction of a road and other purposes. The land acquired under this Lease Purchase Agreement is not being included in the Leased Property.

A portion of the proceeds of the Series 2011 Certificates will also be used to finance the costs of (i) acquiring land for and the construction, furnishing and equipping of a new public works facility for the City, (ii) acquiring land for business and industrial development, (iii) extending public utilities, including water, sewer, natural gas and electric, and a road to the public works facility, and (iv) other improvements to the City's electric and water systems (collectively, the "City Project" and, collectively with the District Project, the "Project"). The City Project will be located on a site in the southwest quadrant of the Highway H interchange on Interstate 44. The new public works facility is expected to be an approximately 50,000 square foot one-floor building, which will likely be a pre-fabricated metal building. The City anticipates commencement of construction by summer 2012, with completion expected by early 2013.

Leased Property. The District Project will be a part of the Leased Property. Of the components of the City Project, however, only the new public works facility will be included in Leased Property. In addition, the land for the public works facility is part of a larger tract of land being acquired by the City and will not be included in the Leased Property until the City has subdivided the property.

SCHEDULE OF BASIC RENT PAYMENTS

The following table sets forth the estimated scheduled Basic Rent Payments represented by the Certificates for each fiscal year:

Fiscal Year Ended March 31	Total Basic Rent Payments
2012	$ 164,208
2013	623,551
2014	625,851
2015	802,526
2016	799,164
2017	799,233
2018	797,970
2019	805,353
2020	800,923
2021	800,073
2022	798,985
2023	797,785
2024	800,565
2025	802,085
2026	797,305
2027	801,405
2028	798,905
2029	804,985
2030	799,135
2031	797,060
2032	803,500
2033	802,000
2034	804,000
2035	799,250
2036	798,000
Total	$19,023,815

ESTIMATED SOURCES AND USES OF FUNDS

The sources and application of funds in connection with the execution of the Certificates, exclusive of accrued interest, are estimated, based upon certain assumptions regarding the investment of such funds, as follows:

	Series 2011A Certificates	Series 2011B Certificates	Total
Source of Funds:			
Principal Amount of the Certificates	$ 9,865,000	$ 1,270,000	$ 11,135,000
(Original Issue Discount)	(67,992)	--	(67,992)
Premium	16,227	--	16,227
Total Sources of Funds	$ 9,813,235	$ 1,270,000	$ 11,083,235
Uses of Funds:			
Deposit to District Project Account of Project Fund	$ 5,000,000	$ --	$ 5,000,000
Deposit to City Project Account of Project Fund	2,710,500	540,000	3,250,400
Deposit to Capitalized Interest Account of Project Fund	218,976	--	218,975
Deposit with Bank of Crocker	730,915	558,928	1,289,843
Deposit to Reserve Fund	804,985	127,000	931,985
Costs of Issuance (including underwriter's discount)	347,859	44,072	391,931
Total Uses of Funds:	$ 9,813,235	$ 1,270,000	$ 11,083,235

THE TRUSTEE

BOKF, N.A., Kansas City, Missouri, a national banking association organized and existing under the laws of the United States of America, will be the Trustee under the Declaration of Trust and lessee under the Lease. The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such opinion. The Trustee may execute any trusts or powers or perform the duties required by the Declaration of Trust or the Lease by or through attorneys, agents or receivers and will not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it in good faith.

The Series 2011 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Declaration of Trust, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Declaration of Trust or the Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either express or implied in the Series 2011 Certificates, the Declaration of Trust or the Lease, all such liability, if any, being expressly waived by the Owners of the Series 2011 Certificates by the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Series 2011 Certificates. Insofar as the City is concerned, the Trustee and the Owner of any Certificate and any person claiming by, through or under the Trustee or the Owner of any Certificate may look solely to the Trust Estate described in the Declaration of Trust for payment of the interests evidenced by the Series 2011 Certificates.

As security for the compensation, expenses, disbursements and indemnification to which it is entitled upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee will have a first lien with right of payment prior to payment on account of any principal or interest with respect to the Series 2011 Certificates for such compensation, expenses, disbursements and indemnification.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

An investment in the Series 2011 Certificates is subject to a number of significant risk factors. The following is a discussion of certain risks that could affect payments to be made with respect to and the market *price of the Series 2011 Certificates. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments and/or market price. Prospective purchasers of the Series 2011 Certificates should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.*

Limited Obligations; Nonappropriation by City

Each Series 2011 Certificate evidences the undivided, proportionate interest of the Owner thereof in the right to receive Basic Rent Payments to be paid by the City under the Lease. The Series 2011 Certificates are payable solely from the Basic Rent Payments and other money and investments held by the Trustee under the Declaration of Trust. The Basic Rent Payments constitute currently budgeted expenditures of the City, payable only if the City Council appropriates sufficient money to extend the term of the Lease for each successive fiscal year.

The Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. In the event the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year. Upon termination of the Lease, the Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or sublease of the Leased Property pursuant to the Lease and the Declaration of Trust. The obligation of the City to pay Basic Rent and, thus, the Certificates, is limited to payment from Available Revenues (as defined herein), including Facilities Basic Rent, and, shall constitute a current expense of the City and shall not be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, and shall not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments.

The City's obligations under the Lease to make Basic Rent Payments may be terminated on an annual basis by the City without any penalty, and there is no assurance that the City will budget funds for such purpose. Accordingly, the likelihood that there will be sufficient funds to pay the Principal Portion, premium, if any, and Interest Portion of Basic Rent Payments represented by the Certificates is dependent upon certain factors which are beyond the control of the Certificate Owners, including (a) the continuing need of the City for the Leased Property, (b) the ability of the City to generate sufficient funds to pay obligations associated with the Lease and other obligations of the City and (c) the ability of the Trustee to sublease the Leased Property or sell its leasehold interest therein, in the event of a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default. The District and the Trustee have entered into a Consent, Nondisturbance and Attornment Agreement which provides that, if the Lease is terminated because of an Event of Default or Event of Nonappropriation by the City, the Trustee shall continue to lease the Facilities to the District under the terms of the District Sublease so long as the District is not in default thereof.

Assignment of District Sublease; Nonappropriation by District

The City has assigned its interest in the District Sublease, including the right to receive Facilities Basic Rent Payments, to the Trustee. The Facilities Basic Rent Payments and other amounts due under the District Sublease do not constitute an obligation of the District in any Fiscal Year subsequent to a Fiscal Year as to which the District has appropriated funds to pay Facilities Basic Rent Payments and other amounts reasonably anticipated to come due under the District Sublease. In the event the District fails to budget, appropriate or otherwise provide for sufficient funds to pay Facilities Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the District Sublease will terminate at the end of the then current Fiscal Year. The obligation of the District to pay Facilities Basic Rent, is limited to payment from District Available Revenues (as defined in the District Sublease) and shall constitute a current expense of the District and shall not be a debt of the District in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the

District, and shall not constitute a pledge of the general tax revenues, funds, properties or moneys of the District beyond any then current Fiscal Year during which the District Sublease is in effect. The District is not obligated to levy any taxes in order to raise revenues to make Facilities Basic Rent Payments.

The District's obligations under the District Sublease to make Facilities Basic Rent Payments may be terminated on an annual basis by the District without any penalty, and there is no assurance that the District will budget funds for such purpose. Accordingly, the likelihood that there will be sufficient funds to pay the Principal Portion, premium, if any, and Interest Portion of Basic Rent Payments represented by the Certificates is dependent upon certain factors which are beyond the control of the Certificate Owners, including (a) the continuing need of the District for the District Project, (b) the ability of the District to generate sufficient funds to pay obligations associated with the District Sublease and other obligations of the District, (c) the need of the City for the District Project if vacated by the District, and (d) the ability of the City or the Trustee to sublease the District Project or sell its leasehold interest therein, in the event of a termination of the District Sublease by reason of an event of nonappropriation or an event of default thereunder.

Results of a Nonappropriation

An "Event of Nonappropriation" occurs if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and reasonably anticipated Supplemental Rent to come due during the immediately following Fiscal Year. See **"SUMMARY OF THE LEASE - Events of Default, and - Remedies on Default"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** for a discussion of the results of an Event of Nonappropriation.

Upon termination of the Lease, the Trustee may take possession of or sell its interest in the Leased Property. The net proceeds received from such sale, together with other moneys then held by the Trustee under the Declaration of Trust (with certain exceptions as provided in the Lease and the Declaration of Trust), are required to be used to pay the Certificates, to the extent of such moneys.

A POTENTIAL PURCHASER OF THE CERTIFICATES SHOULD NOT ASSUME THAT IT WILL BE POSSIBLE FOR THE TRUSTEE TO SELL ITS INTEREST IN THE LEASED PROPERTY AFTER A TERMINATION OF THE LEASE AT ALL OR, IF SOLD, FOR AN AMOUNT EQUAL TO THE AGGREGATE PRINCIPAL AMOUNT REPRESENTED BY THE CERTIFICATES THEN OUTSTANDING PLUS ACCRUED INTEREST REPRESENTED THEREBY.

Expiration or Termination of the Lease

The Initial Term of the Lease commences as of the date of delivery of the Series 2011 Certificates and expires on March 31, 2012. The Lease is thereafter subject to successive one-year Renewal Terms commencing on April 1 of each year, with a final renewal term commencing April 1, 2035 and ending March 1, 2036. It is within the City's sole discretion to exercise the option provided in the Lease to extend its term for each next succeeding Renewal Term. If in any year the City does not extend the term of the Lease, the City's obligation to make payments will terminate on the March 31 occurring at the end of the then current Renewal Term; provided, however, that, subject to the limitations of the Lease, the City shall continue to be liable for Basic Rent payments and Supplemental Rent payments allocable to any period during which the City shall continue to occupy the Leased Property. Upon (1) the expiration of any Renewal Term during which an Event of Nonappropriation occurs (which is not waived by the Trustee as provided in the Lease) or (2) a default under the Lease and an election by the Trustee to terminate the City's possessory interest under the Lease, the City's right of possession and use of the Leased Property under the Lease will expire or be terminated, as appropriate. See **"SUMMARY OF THE LEASE – Defaults and Remedies"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** hereto.

If the City's right of possession and use of the Leased Property under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, (1) the City's obligation to make payments thereunder will continue through the Renewal Term then in effect, but not thereafter; (2) the Principal Portion of Basic Rent Payments that have been appropriated but are then unpaid by the City for the City's then current fiscal year may be declared immediately due and payable; and (3) the Series 2011 Certificates will be payable from, among other sources, such money as may be available by way of recovery from the City of the Basic Rent Payments that are due through the Renewal Term then in effect. If the Lease expires at the end of a Renewal Term without any extension for the next succeeding Renewal Term or if an event occurs as described above pursuant to which the Trustee terminates the City's right of possession of the Leased Property under the Lease, the Trustee may recover possession of the Leased Property and assign the Base Lease and its rights thereunder or sell or sublease the Leased Property pursuant to its rights under the Base Lease. The net proceeds of any assignment of the Base Lease or sublease of the Trustee's interest in the Leased Property, together with moneys then held by the Trustee under the Declaration of Trust, are required to be used to pay the Series 2011 Certificates to the extent of such money.

The City has assigned its interest in the District Sublease, including the right to receive Facilities Basic Rent Payments, to the Trustee The District and the Trustee have entered into a Consent, Nondisturbance and Attornment Agreement which provides that, if the Lease is terminated because of an Event of Default or Event of Nonappropriation by the City, the Trustee shall continue to lease the Facilities to the District under the terms of the District Sublease so long as the District is not in default thereof.

Due to the nature of the Leased Property, no assurance can be given that the Trustee could assign the Base Lease and its rights thereunder or sell or sublease the Leased Property for the amount necessary (after taking into account Facilities Basic Rent and money legally available from other sources) to pay in full the Principal Portions and Interest Portions of Basic Rent Payments then due with respect to the Series 2011 Certificates. Furthermore, no assurance can be given that the amount, if any, realized upon any assignment or sublease of the Trustee's interest in the Leased Property will be available to provide for the payment of the Series 2011 Certificates on a timely basis.

Changes in Economic, Demographic and Market Conditions

Changes in real estate market conditions in the Waynesville area, as well as changes in general or local demographic or economic conditions, could adversely affect the value of the property located within the City and the level of economic activity in the City and, consequently, the amounts of real estate taxes, sales taxes and other revenues generated by the City. Such changes could also have an adverse impact on the financial condition of the City and, thus, the City resources available for appropriation for the payment of the Basic Rent Payments with respect to the Series 2011 Certificates.

In particular, sales tax revenues historically have been sensitive to changes in local, regional and national economic conditions. For example, sales tax revenues have historically declined during economic recessions, when high unemployment adversely affects consumption. Demographic changes in the population of the City may adversely affect the level of sales tax revenues. A decline in the City's population, or reductions in the level of commercial and industrial activity in the City, could reduce the number and value of taxable transactions and thus reduce the amount of sales tax revenues. It is not possible to predict whether or to what extent any such changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur, and what impact any such changes would have on sales tax revenues.

Impact of Any Future Realignment or Closure of Fort Leonard Wood

The City is situated approximately three miles from Fort Leonard Wood, a U.S. Army Basic Combat Training post that is currently home to MANSCEN (Maneuver Support Center), which provides all branches of the military with specialized training. The federal government has, on more than one occasion in the last 20 years, studied the functions and services performed at various military installations and determined to close certain military installations and move or realign the functions and services previously performed at certain military installations to other military installations. In the most recent base closure and realignment, Fort Leonard Wood's mission was expanded. No assurance can be given, however, that a future base realignment and closure review will not cause the mission of Fort Leonard Wood to change, including a possible elimination of such military installation. Any change in the mission of Fort Leonard Wood and the functions and services provided there, including but not limited to the closure of Fort Leonard Wood, could have a dramatic effect on the number of personnel deployed at Fort Leonard Wood and the military contractors desiring to be located near Fort Leonard Wood. This could, indirectly, have a material adverse impact on the City and its financial condition.

Other Factors

One or more of the following factors or events could adversely affect operations and financial performance of the City and/or the District to an extent that cannot be determined at this time:

1. *Changes in Management*. Changes in key management personnel.

2. *Future Economic Conditions*. Adverse economic conditions or changes in demographics in the City, including increased unemployment and inability to control expenses in periods of inflation.

3. *Insurance*. Increases in the cost of general property, casualty and liability insurance coverage and the amounts paid in settlement of claims not covered by insurance.

4. *Natural Disasters*. The occurrence of natural disasters, such as floods, droughts or earthquakes, could damage the City's facilities, interrupt services or otherwise impair the operations of the City.

Reserve Fund

At the time of delivery of the Series 2011 Certificates, the Reserve Fund will be funded in an amount equal to the Reserve Fund Requirement. There can be no assurance that the amounts on deposit in the Reserve Fund will be available if needed for payment of the Series 2011 Certificates in the full amount of the Reserve Fund Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred to the Lease Revenue Fund, sufficient revenues may not be available or appropriated to replenish the Reserve Fund to the Reserve Fund Requirement. Moneys on deposit in the Reserve Fund will be released to make the final payment of the principal of and interest on the Series 2011 Certificates to the extent available.

Inability to Liquidate; Delays in Exercising Remedies

A termination of the Lease will give the Trustee the right to possession and use of the Leased Property, and the right to assign the Base Lease and its rights thereunder or to sublease the Leased Property, all in accordance with the provisions of the Base Lease, the Lease and the Declaration of Trust. However, the enforceability of the Certificates and the Lease is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors rights generally and liens securing such rights, the exercise of judicial authority by State of Missouri or federal courts, the exercise of the police powers of the State and its political subdivisions and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution.

The Leased Property may not be suitable for general use. Further, the Leased Property is used by the City for the performance of its essential governmental functions. Due to the essential governmental use of the Leased Property and the delays inherent in obtaining possession of the Leased Property and other judicial remedies, no assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the Principal Portions and the Interest Portions of Basic Rent Payments represented by the Series 2011 Certificates. The legal opinions to be delivered with the delivery of the Series 2011 Certificates will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases. If such money is insufficient to pay all outstanding Certificates in full, the Certificates would be paid in part on a pro rata basis. Any delays in the ability of the Trustee to obtain possession of the Leased Property will, of necessity, result in delays in any payment of Principal Portions and Interest Portions of Basic Rent Payments represented by the Series 2011 Certificates.

Damage, Destruction and Condemnation of the Leased Property

The Lease requires the Leased Property to be insured as described under the caption **"SUMMARY OF THE LEASE - Maintenance, Taxes and Insurance"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** hereto. If (1) the Leased Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (2) title to, or the temporary use of, the Leased Property or any part thereof will be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority (other than the City), the City and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property, unless the City has exercised its option to purchase the Trustee's interest in the Leased Property by paying the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed will be paid to the City and will be required to be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease. The City has agreed in the Base Lease that, in the event that the whole or any part of the Leased Property is taken by eminent domain proceedings, the interest of the Trustee shall be recognized.

If the City determines that the repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the City will promptly purchase the Trustee's interest in the Leased Property pursuant to the Lease by paying the Purchase Price and such Net Proceeds will be applied by the City to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price will belong to the City.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in the Lease and the City has not elected to purchase the Trustee's interest in the Leased Property pursuant to the Lease, the City will be obligated to complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds. If the City makes any such payments, the City will not be entitled to any reimbursement therefor from the Trustee nor will the City be entitled to any diminution of Rent.

Pursuant to the Lease, the City has agreed that it shall not, by reason of its inability to use all or any part of the Leased Property during any period in which any portion of the Leased Property is damaged or destroyed, or is being repaired, rebuilt, restored or replaced, or by reason of the payment of the costs of such rebuilding, repairing, restoring or replacing, be entitled to any reimbursement from the Trustee or the Owners of the Certificates or any abatement or diminution of the rentals payable by the City under the Lease or of any other obligations of the City under the Lease except as a result of any prepayment of Basic Rent Payments expressly provided for in the Lease. However, there can be no assurance either as to the adequacy of or timely payment under property damage insurance in effect at that time or that the City will elect to extend the term of the Lease for the next Renewal Term succeeding such damage or destruction. See **"SUMMARY OF THE LEASE - Damage, Destruction and Condemnation"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** hereto.

Under Missouri statutes, the City has the power to condemn property for its purposes, and if the City condemned the Trustee's interest in the Base Lease, such action could adversely affect payment of the principal or interest represented by the Certificates. The City has acknowledged in the Base Lease that condemnation of the Leased Property would adversely affect the security for the Certificates. The City has covenanted and agreed in the Base Lease, to the extent it may lawfully do so, that if for any reason it exercises the power of eminent domain with respect to the Leased Property, the appraisement value of the Leased Property shall not be less than the Basic Rent Payments then due plus the then applicable Purchase Price as set forth in the Lease. The enforceability of the foregoing agreements of the City has not been the subject of judicial interpretation.

Leased Property Does Not Include All Property Financed or Refinanced with Proceeds of the Series 2011 Certificates

The Leased Property only includes the two tracts of land upon which the District Project and a portion of the City Project will be constructed. A significant portion of the Series 2011 Certificate proceeds will be used to provide financing for other elements of the Project, including the acquisition of additional land and equipment, but the Trustee will have no interest in the property relating to such elements of the Project.

Sale of Trustee's Interest in the Leased Property May Not Produce Sufficient Proceeds to Pay Series 2011 Certificates in Whole

The fair market value of the Leased Property is significantly less than the original principal amount of the Series 2011 Certificates. Purchasers of the Series 2011 Certificates should be advised that, in the event the City does not appropriate moneys to pay Basic Rent Payments under the Lease or any other default occurs under the Lease, the Trustee will, most likely, be unable to realize sufficient funds from the sale of its interest in the Leased Property, together with available Facilities Basic Rent (which only become available upon annual appropriation by the District), to pay in full the Principal Portions and the Interest Portions of Basic Rent Payments represented by the Series 2011 Certificates.

All of the Leased Property is used by the City for the performance of its essential governmental functions and has limited functionality for other uses. No assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner given the essential governmental functions performed by the Leased Property, or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the Principal Portions and the Interest Portions of Basic Rent Payments represented by the Series 2011 Certificates. Any delays in the ability of the Trustee to obtain possession of the Leased Property will, of necessity, result in delays in any payment of Principal Portions and Interest Portions of Basic Rent Payments represented by the Series 2011 Certificates.

Effects on Securities Matters of Termination of the Lease

Special Tax Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Series 2011 Certificate subsequent to termination of the Lease by reason of an Event of Nonappropriation or any other reason. If the Lease is terminated by reason of such events, there is no assurance that the Series 2011 Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Effects on the Tax Exemption of the Certificates Upon a Termination of the Lease

Special Tax Counsel expresses no opinion as to the treatment for federal income tax purposes of any moneys received by a Registered Owner of the Certificates other than payments by the City made pursuant to the Lease, upon an Event of Nonappropriation or an Event of Default. There is no assurance that such moneys received by the Registered Owners of the Certificates in such event will be excludable from gross income for federal income tax purposes.

Amendment of the Declaration of Trust, the Base Lease, the Lease and the District Sublease

Certain amendments to the Declaration of Trust, the Base Lease, the Lease and the District Sublease may be made with consent of the owners of not less than a majority in principal amount of the Certificates (including any Additional Certificates which may be hereafter delivered) then outstanding affected by such supplemental declarations of trust or supplemental leases. Such amendments may adversely affect the security of the owners of the Certificates.

The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on November 4, 1980. This amendment limits the ability of the City to impose new or increased taxes to provide funding for the payment of the Series 2011 Certificates, or other governmental purposes of the City, without voter approval. The amendment (popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes which may be imposed in any Fiscal Year, and the limit may not be exceeded without voter approval. Provisions are included in the amendment for rolling back property tax rates to produce an amount of revenue equal to that of the previous year if the definition of tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation. The limitation on local governmental units does not apply to taxes imposed for the payment of principal of and interest on general obligation bonds approved by the requisite percentage of voters.

The Hancock Amendment also requires political subdivisions of the State to obtain voter approval in order to increase any "*tax, license or fee*." The precise meaning and application of the phrase "*tax, license or fee*" is unclear, but decisions of the Missouri Supreme Court have indicated that it does not apply to traditionally set user fees. The limitations imposed by the Hancock Amendment restrict the City's ability to increase many but not all taxes, licenses and certain fees without obtaining voter approval.

In 2008, through the enactment of Senate Bill 711 ("SB 711"), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a political subdivision such as the City. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of the City's property tax levy if its current tax levy was less than its current tax levy ceiling, due to the City's voluntary rollback from the maximum authorized tax levy. The property tax levy is the levy actually imposed by a political subdivision while the tax rate ceiling is the maximum levy the political subdivision may impose under the provisions of the Hancock Amendment. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a political subdivision's actual property tax levy, regardless of whether that levy is at the political subdivision's tax levy ceiling. This further reduction is sometimes referred to as an "SB 711 rollback." In non-reassessment years (even-numbered years), the property tax levy may be increased to the political subdivision's tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

Proposed Federal Legislation

On September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011 (the "Jobs Act"), which, if enacted as proposed, could effectively result in additional income tax being imposed on certain owners of tax-exempt obligations, including the Series 2011 Certificates, for tax years beginning on or after January 1, 2013. As proposed, the Jobs Act would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The Obama Administration also recently provided other draft legislation to the congressional deficit reduction committee that could further limit the value of tax-exempt interest below the level proposed in the Jobs Act. The introduction or enactment of the Jobs Act or any other legislation impacting the excludability of interest on tax-exempt obligations, including the Series 2011 Certificates, could also affect the market value and liquidity of the Series 2011 Certificates. The likelihood of the Jobs Act or other legislation that may impact the tax-exempt status of obligations such as the Series 2011 Certificates being enacted or whether the currently proposed terms of the Jobs Act will be altered or removed during the legislative process cannot be predicted. Prospective purchasers of the Series 2011 Certificates should consult with their own tax advisors regarding the Jobs Act and any other federal income tax legislation, whether currently pending or proposed in the future.

Risk of Taxability of the Interest Portion of the Basic Rent Payments Represented by the Series 2011 Certificates

Special Tax Counsel's opinions as to the exclusion of the Interest Portion of Basic Rent with respect to the Series 2011 Certificates from gross income for federal income tax purposes and other matters are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Special Tax Counsel's legal judgment based upon its review of existing law. Also, events occurring subsequent to execution and delivery of the Series 2011 Certificates may require that the Interest Portion of

Basic Rent represented by the Series 2011 Certificates be included in gross income for purposes of federal income taxation and not be exempt from income taxes imposed by the State of Missouri. See **"TAX MATTERS"** herein.

The Series 2011 Certificates are not subject to prepayment, nor is the payment of any additional interest or penalties on the Series 2011 Certificates required, in the event of a determination by the Service or a court of competent jurisdiction that the Interest Portion of Basic Rent paid or to be paid with respect to any Series 2011 Certificate is or will be included in the gross income of the owner of a Series 2011 Certificate for federal income tax purposes. Such determination may, however, result in a breach of the City's tax covenants set forth in the Declaration of Trust or the Lease. Likewise, the Declaration of Trust does not require the prepayment of the Series 2011 Certificates or the payment of any additional interest or penalty on such Series 2011 Certificates if the Interest Portion of Basic Rent with respect to the Series 2011 Certificates loses its exemption from income taxes imposed by the State of Missouri. It may be that owners would continue to hold their Series 2011 Certificates, receiving principal and interest as and when due, but would be required to pay federal and state income tax on each interest payment as received or accrued.

Special Counsel expresses no opinion as to the federal or State of Missouri tax exemption of interest on the Series 2011 Certificates in the event of payment thereof (a) if the City fails to budget and appropriate sufficient moneys to pay the Basic Rent Payments under the Lease or (b) the Lease terminates for any reason.

Risk of Audit

The Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2011 Certificates. Owners of the Series 2011 Certificates are advised that, if an audit of the Series 2011 Certificates were commenced, the Service, in accordance with its current published procedures, is likely to treat the City as the taxpayer, and the owners of the Series 2011 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2011 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Secondary Markets and Prices

The Underwriter will not be obligated to repurchase any of the Series 2011 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2011 Certificates. No assurance is given that any secondary market will develop following the completion of the offering of the Series 2011 Certificates and no assurance is given that the initial offering price for the Series 2011 Certificates will continue for any period of time. The Series 2011 Certificates are not readily liquid, and no person should invest in the Series 2011 Certificates with funds such person may need to convert readily into cash. Holders of the Series 2011 Certificates should be prepared to hold their Series 2011 Certificates to the stated payment date.

The lowering or withdrawal of the investment rating initially assigned to the Series 2011 Certificates could adversely affect the market price for and the marketability of the Series 2011 Certificates. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities will fluctuate as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of the City, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Loss of Premium from Early Prepayment

Any person who purchases a Series 2011 Certificate at a price in excess of its principal amount or who holds such Series 2011 Certificate trading at a price in excess of par should consider the fact that the Series 2011 Certificates are subject to optional, mandatory and extraordinary optional prepayment prior to maturity at a prepayment price of 100% of the principal amount thereof as described herein under the section captioned "**THE SERIES 2011 CERTIFICATES – Prepayment Provisions.**"

CERTIFICATE RATING

As of the date of delivery of the Series 2011 Certificates, Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), will assign the Series 2011 Certificates the rating of "A-." No application was made to any other rating agency for the purpose of obtaining an additional rating on the Series 2011 Certificates. Any explanation as to the significance of the above rating may only be obtained from S&P at 55 Water Street, New York, New York 10004.

The City may have furnished S&P with certain information and materials relating to the Series 2011 Certificates and the City that has not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by such rating agency. There is no assurance that this rating will remain in effect if, in the judgment of S&P, circumstances warrant a change. The Underwriter has not undertaken any responsibility to bring to the attention of the Owners of the Series 2011 Certificates any proposed revision or withdrawal of a rating of the Series 2011 Certificates and neither the City nor the Underwriter has undertaken any responsibility to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of the rating may have an adverse effect on the market price and marketability of the Series 2011 Certificates.

LEGAL MATTERS

Legal matters with respect to the authorization, execution and delivery of the Series 2011 Certificates are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, as Special Tax Counsel, whose approving opinion will be available at the time of delivery of the Series 2011 Certificates. Special Tax Counsel has not reviewed this Official Statement except for the following portions thereof to the extent they describe the Series 2011 Certificates, the legal documents described therein and the opinions to be delivered by Special Tax Counsel: the cover and inside hereof (other than yields or prices) and the sections entitled **"THE SERIES 2011 CERTIFICATES," "ADDITIONAL CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," "LEGAL MATTERS," "TAX MATTERS"** and in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** hereto, and except for such sections and appendices has not participated in the preparation of this Official Statement. Certain matters will be passed upon for the City by Ralph W. Muxlow II, P.C., Waynesville, Missouri, for the District by Lathrop & Gage, LLP, Springfield, Missouri, and for the Underwriter by Thompson Coburn LLP, St. Louis, Missouri. Neither the Underwriter nor its counsel have independently verified the factual and financial information contained in this Official Statement.

The various legal opinions to be delivered concurrently with the delivery of the Series 2011 Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

SUMMARY OF THE LEGAL DOCUMENTS

Attached hereto as **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS** are summaries of certain provisions of the Base Lease, the Lease, the District Sublease, the Declaration of Trust and the Continuing Disclosure Undertaking as well as certain defined terms used therein. The summaries do not purport to be complete, and reference is made to the full text of the Base Lease, the Lease, the District Sublease, the Declaration of Trust and the Continuing Disclosure Undertaking, respectively, for a complete recital of their terms, as well as a complete recital of the defined terms used therein. Copies of all documents relating to the Series 2011 Certificates can be obtained from the Trustee upon payment by such prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

CONTINUING DISCLOSURE

Pursuant to the Lease and a Continuing Disclosure Undertaking, the City and the District have agreed to provide to certain national repositories (i) the audited financial statements of the City and certain financial and operating data of the City within 180 days after the end of each fiscal year of the City beginning with the Fiscal Year ending March 31, 2012 and (ii) the audited financial statements of the District and certain financial and operating data of the District within 180 days after the end of each fiscal year of the District beginning with the Fiscal Year ending June 30, 2011. The financial statements are required to be prepared in accordance with generally accepted accounting principles as applicable to governmental units and to be audited by the independent auditors of the City or the District, as applicable. The City has also agreed to provide prompt notice of the occurrence of certain events with respect to the Series 2011 Certificates, if material. The terms of the Continuing Disclosure Undertaking are summarized in **"CONTINUING DISCLOSURE UNDERTAKING"** in **APPENDIX E – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS.**

The City and the District have each determined that they have not fully complied with their previous continuing disclosure undertakings. Such inadvertent noncompliance has included 1) not providing the audited financial statements on a timely basis and/or 2) omitting the required update of the financial and operating data described above in certain years. The inability to obtain audited financial statements on a timely basis was one factor in the City's decision to change independent auditing firms beginning with the Fiscal Year ended March 31, 2011. In addition, the City and the District have each established internal procedures and engaged the services of an outside firm to reduce the likelihood of a recurrence of such inadvertent failures to comply with the applicable continuing disclosure undertakings.

UNDERWRITING

The Series 2011A Certificates are being purchased for reoffering by Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the "Underwriter"), at an aggregate purchase price of $9,630,732.05 (exclusive of accrued interest), which is equal to the principal amount of the Series 2011A Certificates, less an underwriter's discount of $182,502.50, less original issue discount of $67,992.00, plus original issue premium of $16,226.55. The Series 2011B Certificates are being purchased for reoffering by the Underwriter at an aggregate purchase price of $1,246,505.00 (exclusive of accrued interest), which is equal to the principal amount of the Series 2011B Certificates, less an underwriter's discount of $23,495.00). The Underwriter is obligated to take and to pay for all of the Series 2011 Certificates if any Series 2011 Certificate is purchased.

The Series 2011 Certificates are being initially offered for sale to the public at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2011 Certificates to the public. The Underwriter may offer and sell the Series 2011 Certificates to certain dealers (including dealers depositing the Series 2011 Certificates into investment trusts) at prices lower than the public offering prices. The Underwriter is purchasing the Series 2011 Certificates for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Series 2011 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, determines. The Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Series 2011 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter has read and participated in the preparation of certain portions of this Official Statement and has supervised the compilation and editing thereof. The Underwriter has not, however, independently verified the factual and financial information contained in this Official Statement and, accordingly, the Underwriter expresses no view as to the sufficiency or accuracy thereof.

LITIGATION

City Litigation

The Transcript of Proceedings will contain a certificate of non-litigation dated as of the closing and executed by the City to the effect that there is no controversy, suit or proceeding of any kind pending or, to the knowledge of the City, threatened wherein or whereby any question is raised, or may be raised, questioning, disputing or affecting in any way the legal organization of the City, or the legality of any official act shown to have been done regarding the execution and delivery of the Base Lease, the Lease, the District Sublease or the Series 2011 Certificates or the constitutionality or validity of the obligation represented by the Series 2011 Certificates or the means provided for the Basic Rent Payments under the Lease.

District Litigation

The Transcript of Proceedings will contain a certificate of non-litigation dated as of the closing and executed by the District to the effect that there is no controversy, suit or proceeding of any kind pending or, to the knowledge of the District, threatened wherein or whereby any question is raised, or may be raised, questioning, disputing or affecting in any way the legal organization of the District, or the legality of any official act shown to have been done regarding the execution and delivery of the District Sublease or the constitutionality or validity of the means provided for the Facilities Basic Rent Payments under the District Sublease.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2011 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2011 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2011 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2011 Certificates.

Opinion of Special Tax Counsel Regarding the Series 2011A Certificates

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, under the law existing as of the issue date of the Series 2011A Certificates:

Federal and State of Missouri Tax Exemption. The Interest Portion of the Basic Rent Payments made by the City under the Lease and distributed to the owners of the Series 2011A Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal and State of Missouri income tax purposes.

Alternative Minimum Tax. The Interest Portion of the Basic Rent Payments made by the City under the Lease and distributed to the owners of the Series 2011A Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The portion of the Lease attributable to the Series 2011A Certificates has been designated as a "qualified tax-exempt obligation" for purposes of Section 265(b) of the Code.

Special Tax Counsel's opinions are provided as of the date of the original issue of the Series 2011A Certificates, subject to the condition that the City and the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2011A Certificates in order that Interest Portion of Basic Rent Payments distributed to the owners of the Series 2011A Certificates be, or continue to be, excludable from gross income for federal and State of Missouri income tax purposes. The City and the District have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of Interest Portion of Basic Rent Payments distributed to the owners of the Series 2011A Certificates in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Series 2011A Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2011A Certificates but has reviewed the discussion under the heading "TAX MATTERS."

Other Tax Consequences to Owners of the Series 2011A Certificates

Original Issue Discount. For federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a Series 2011A Certificate over its issue price. The issue price of a Series 2011A Certificate is the first price at which a substantial amount of the Series 2011A Certificates of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2011A Certificate during any accrual period generally equals (1) the issue price of that Series 2011A Certificate, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2011A Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2011A Certificate during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2011A Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Series 2011A Certificate is purchased at a price that exceeds the stated redemption price at maturity of the Series 2011A Certificate, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Series 2011A Certificate. Under Section 171 of the Code, the purchaser of that Series 2011A Certificate must amortize the premium over the term of the Series 2011A Certificate using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2011A Certificate and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2011A Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Federal and Missouri Income Tax Consequences to Owners of the Series 2011B Certificates

Series 2011B Certificates Interest Portion Taxable. The Interest Portion of the Basic Rent Payments made by the City under the Lease and distributed to the owners of the Series 2011B Certificates is includable in gross income for federal and State of Missouri income tax purposes in accordance with the owner's normal method of accounting.

No Opinion. Special Tax Counsel is not rendering any opinion to owners of the Series 2011B Certificates regarding the treatment of Interest Portion of Basic Rent Payments made by the City under the Lease and distributed to the owners of the Series 2011B Certificates for federal or state income tax purposes. Purchasers of Series 2011B Certificates should consult their tax advisors in determining the federal income tax consequences to them of the purchase, ownership, and disposition of a Series 2011B Certificate, as well as any tax consequences arising under the laws of a state or other taxing jurisdiction.

Other Tax Consequences to Owners of the Series 2011B Certificates

Original Issue Discount. For federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a Series 2011B Certificate over its "issue price," defined as the first price at which a substantial amount of the Series 2011B Certificates of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). If the OID on a Series 2011B Certificate is more than a *de minimis* amount (generally 1/4% of 1% of the stated redemption price at maturity of the Series 2011B Certificate multiplied by the number of complete years to its maturity date), then that Series 2011B Certificate will be treated as issued with OID (an "OID Certificate"). The amount of OID that accrues to an owner of an OID Certificate during any accrual period generally equals (1) the issue price of that OID Certificate, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that OID Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that OID Certificate during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be included in gross income for federal income tax purposes, and will increase the owner's tax basis in that OID Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Series 2011B Certificate is purchased at a price that exceeds the stated redemption price of the Series 2011B Certificate at maturity, the excess of the purchase price over the stated redemption price at maturity constitutes premium on the Series 2011B Certificate, and that Series 2011B Certificate is referred to in this discussion as a "Taxable Premium Certificate." Under Section 171 of the Code, the purchaser of a Taxable Premium Certificate may elect to amortize the premium over the term of the Taxable Premium Certificate using constant yield principles, based on the purchaser's yield to maturity. An owner of a Taxable Premium Certificate amortizes bond premium by offsetting the qualified stated interest allocable to an accrual period with the bond premium allocable to that accrual period. This offset occurs when the owner takes the qualified stated interest into income under the owner's regular method of accounting. If the premium allocable to an accrual period exceeds the qualified stated interest for that period, the excess is treated by the owner as a deduction under Section 171(a)(1) of the Code. As premium is amortized, the owner's basis in the Taxable Premium Certificate will be reduced by the amount of amortizable premium properly allocable to the owner. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Other Federal Income Tax Consequences to Owners of all Series 2011 Certificates

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2011 Certificate, an owner of the Series 2011 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2011 Certificate (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2011 Certificate. To the extent a

Series 2011 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2011 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2011 Certificates, and to the proceeds paid on the sale of the Series 2011 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

MISCELLANEOUS

References herein to the Declaration of Trust, the Base Lease, the Lease, the District Sublease and certain other matters are brief discussions of certain provisions thereof. Such discussions do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of the information herein.

Simultaneously with the delivery of the Series 2011 Certificates, the City and the District will each furnish to the Underwriter a certificate which shall state, among other things, that to the best of its knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Series 2011 Certificates does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect; provided, however, that the certificate of the City will specifically exclude information regarding the District from its coverage and the certificate of the District will only cover information regarding the District.

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, the District, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized.

The form of this Official Statement, and its distribution and use by the Underwriter, has been approved by the City and deemed final. Neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the city or the City's ability to make payments required of it; and further, neither the City nor its officers, directors or employees assumes any duties, responsibilities or obligations in relation to the execution and delivery of the Series 2011 Certificates other than those either expressly or by fair implication imposed on the City by the Declaration of Trust, the Base Lease and the Lease.

The agreements of the City with the owners of the Series 2011 Certificates are fully set forth in the Declaration of Trust, the Base Lease, the Lease and the District Sublease, and neither any advertisement of the Series 2011 Certificates nor this Official Statement is to be construed as constituting a contract or agreement between the City, the District, the Trustee, the Underwriter or the purchaser or Owners of any Series 2011 Certificates with the purchasers of the Series 2011 Certificates. Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof.

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It is anticipated that CUSIP identification numbers will be printed on the Series 2011 Certificates, but neither the failure to print such numbers on any Series 2011 Certificates, nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Series 2011 Certificates.

CITY OF WAYNESVILLE, MISSOURI

By /s/ Cliff Hammock
Mayor

APPENDIX A

THE CITY OF WAYNESVILLE, MISSOURI

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APPENDIX A

THE CITY OF WAYNESVILLE, MISSOURI

TABLE OF CONTENTS

Page

DEMOGRAPHIC INFORMATION 1
- General 1
- Government and Organization 1
- Services and Utilities 1
- Transportation and Communication Facilities 1
- Educational Facilities 1
- Medical and Health Facilities 2
- Recreational, Cultural and Religious Facilities 2
- City Management 2
- Employees 2
- Employee Benefits; Pension Plans 3

ECONOMIC INFORMATION CONCERNING THE CITY 3
- Commerce, Industry and Employment 3
- Population and Other Statistics 4

DEBT STRUCTURE OF THE CITY 5
- Legal Debt Capacity 5
- Long-Term Obligations of the City 5

FINANCIAL INFORMATION CONCERNING THE CITY 7
- Accounting, Budgeting and Auditing Procedures 7
- Summary Statement of Income, Expenses and Changes in Balances in the General Fund 7
- Property Taxes 8
- Tax Rate 9
- Tax Collection Record 9
- Major Property Taxpayers 10
- City Sales Taxes 10
- Taxable Retail Sales and Sales Tax Revenues 11

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APPENDIX A

THE CITY OF WAYNESVILLE, MISSOURI

DEMOGRAPHIC INFORMATION

General

The City of Waynesville, Missouri, the county seat of Pulaski County, is in the Ozark hills, and is located along Interstate 44, approximately 86 miles northeast of Springfield, Missouri, 120 miles southwest of St. Louis, Missouri, and 240 miles southeast of Kansas City, Missouri. While the region in which the City is located is largely rural and agrarian, the City is also influenced by Fort Leonard Wood, a United States military installation. The City's population, as of the 2010 Census, was 4,830 persons, which constituted approximately 9.2% of the population of Pulaski County.

Government and Organization

The City is a city of the third class and political subdivision of the State of Missouri, organized and existing under the constitution and laws of the State. The City is governed by a Mayor/Administrator/Council form of government and exercises powers of municipal government specifically granted by the State of Missouri. The City is governed by a City Council composed of eight members who are elected at large for staggered two-year terms without restriction as to re-election. The Mayor is elected at large for a four-year term without restriction as to re-election. The Mayor presides over meetings of the City Council and has a vote in the case of a tie vote among City Council members. The City Council establishes utility and tax rates and authorizes all municipal indebtedness. The City Council appoints a City Administrator who acts as the chief administrative officer of the City and serves at the pleasure of the Mayor. The City Administrator is responsible to the City Council for administration of City policy, preparation of the annual budget, appointment of City employees and supervision of the City's operating departments. The City budget, prepared by the City Administrator after consultation with each department, is reviewed and adopted by the City Council. Tax rates are established by the City Council to support the budget adopted. As required by state law, the aggregate City budget may not include any expenditures in excess of anticipated revenues. The City's fiscal year ends on March 31.

Services and Utilities

The City contracts for fire protection services with the Waynesville Rural Fire District and has a full-time police department. The City owns and operates a municipal electric utility system, natural gas system, water system and sewerage system. The electric utility system is a 100% purchased power system, with electricity transmission and electric meters to the customers in the City. The natural gas system is a 100% purchased natural gas system with gas transmission and gas meters to the customers in the City. The water system consists of several wells, 25 miles of water line and storage in elevated towers and ground stand pipes.

Transportation and Communication Facilities

The nearest airport (commercial) to the City is Waynesville St. Robert Regional Airport - Forney Field, at Fort Leonard Wood, Missouri. Airports in Springfield, Missouri (approximately 86 miles southwest of the City), St. Louis, Missouri (approximately 120 miles northeast of the City) and Kansas City, Missouri (approximately 240 miles northwest of the City), also provide commercial airline travel. Greyhound Bus Line and Amtrak also provide service to the City.

Educational Facilities

The City is served by Waynesville R-VI School District (the **"School District"**), which serves the rural communities of Waynesville, St. Robert and Ft. Leonard Wood in the Missouri Ozarks. The School District includes five elementary schools, one middle school and one high school, with a 2009-2010 school year total enrollment of 5,654 students. Missouri law requires the Missouri Department of Elementary and Secondary Education (**"DESE"**) to regularly evaluate each public school district. Under DESE's current accreditation system, school districts are evaluated every five years based on DESE standards in three areas: resource standards, educational process standards and performance standards. School districts receive an evaluation judgment for each of the three sets of standards and an overall evaluation, which evaluations are in one of three categories: "accredited," "provisionally accredited" or "unaccredited." As of January 11, 2011, 97.7% of all school districts in the State were "accredited," 1.9% were "provisionally accredited" and 0.4% were "unaccredited" under the Missouri School Improvement Program (**"MSIP"**) rating system. DESE has assigned the School District "accredited" status, which is the highest accreditation status given to Missouri school districts. The School District has also been honored by the State of Missouri for "Distinction in Performance."

Vocational training is available through the Waynesville Technical Academy. Drury University, Columbia College and Lindenwood University provide college classes for area residents, and the University of Missouri at Rolla and the Rolla Technical School are located approximately twenty miles to the east. Ozarks Technical Community College also operates a facility in Waynesville.

Medical and Health Facilities

General Leonard Wood Army Community Hospital is an area trauma stabilization facility for civilians and serves military active duty, retirees and their dependents. Other hospitals in the Waynesville/St. Robert/Fort Leonard Wood area include Phelps County Regional Medical Center in Rolla, Missouri and Breech Medical Center in Lebanon, Missouri. St. John's Mercy Medical Center operates a 30,000 square-foot clinic in St. Robert, which also serves as the base for a 24-hour a day emergency helicopter. Pulaski County also has the Enhanced-911 system with county-wide dispatch service staffed with 12 full-time and 4 part-time trained dispatchers, a supervisor and director.

Recreational, Cultural and Religious Facilities

The City of Waynesville is located in a valley in the Ozark hills, and is located approximately halfway between St. Louis, Missouri and the Springfield/Branson area, providing a wide variety of recreational options. The City is within close proximity to the Little and Big Piney rivers, the Gasconade River, and the Roubidoux River, wilderness resorts, campgrounds, spring-fed rivers and lakes, state parks and historic sights. In addition, Waynesville is just a short distance from the Lake of the Ozarks, and is surrounded by thousands of square miles of Mark Twain National Forest. The City has a large variety of religious representation, with more than 20 churches of various denominations.

City Management

City management personnel primarily involved with the Project are as follows:

Bruce Harrill, City Administrator. The City Administrator is responsible to the City Council for administration of City policy, preparation of the annual budget, appointment of City employees and supervision of the City's operating departments. Mr. Harrill has been City Administrator since 2004.

Carol Welch, City Clerk. The City Clerk is responsible for the record keeping, payment of bills and payroll functions of the City. Ms. Welch has been employed by the City since 2001 and has been City Clerk of the City since 2009.

Employees

As of September 1, 2011, the City employed 57 full-time employees. The City also employs 4 part-time employees at different times during the time of year. At present, no department of the City is represented by a union or other collective bargaining representative. Under State law, employees do not have the authority to bargain collectively. The State of Missouri is a "meet and confer" state, whereby municipal employers have the duty to meet and confer with public employees but do not have a duty to reach an agreement. Missouri law prohibits public employees from striking. The City has no record of any work stoppages or other labor disputes.

Employee Benefits; Pension Plans

The City provides its full-time employees with a comprehensive benefits program, including medical and life insurance. Workers' compensation and unemployment insurance are provided in accordance with State law.

The City contributes to the Missouri Local Government Employees Retirement Project (LAGERS), an agent multiple-employer public employee retirement system, that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by State statute. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly of the State. The plan is qualified under the Section 401(a) of the Internal Revenue Code and is tax-exempt.

All full-time employees are eligible to participant in LAGERS. Benefits vest after five years of credited service. Employees who retire on or after age 60 (55 for police and fire) with five or more years of service are entitled to an allowance for life based upon the benefit program then in effect. The allowance is equal to a benefit factor multiplied by the final average salary multiplied by the number of years of service. LAGERS also provides early retirement, death and disability benefits. The City is required by statute to contribute amounts necessary to finance the coverage of its employees using the actuarial basis specified by State statute.

As of February 28, 2010, the actuarial value of the pension's assets was significantly less than the actuarial accrued liability. In accordance with LAGERS policy, the unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 28, 2010 was 15 years. The City has paid 100% of its required contributions during each of the last five years. See Note 3 of the audited financial statements contained in Appendix B for further information.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce, Industry and Employment

The City is largely a rural community, with many family farms and independent businesses. Many of the City's businesses provide services related to the support of Pulaski County government. The City is approximately three miles from Fort Leonard Wood, at present, the largest employer in the St. Robert-Fort Leonard Wood-Waynesville area. Fort Leonard Wood is the nation's home to the Army's Maneuver Support Center, and provides the Army, Navy, Air Force and Marines with schools of engineering, chemical engineering and military police. Fort Leonard Wood has the largest Marine contingent located off of a Marine base, and is a tremendous source of economic stability to the area. Listed below are the major employers located in the City of Waynesville and the estimated number employed by each in 2010:

Major Employers	Type of Business	Number of Employees
Waynesville R-VI Schools	School District	700
Piney Ridge Center	Juvenile Psychiatric Residential Facility	180
Pulaski County	Governmental Services	100
Life Care Center of Waynesville	Nursing Care	80
Ramey Price Cutter & Restaurant	Grocery/Restaurant	75
City of Waynesville	Municipal Services	61
State of Missouri Social Services	Social Services	48

Source: City of Waynesville.

In addition, while not located within the City, Fort Leonard Wood is the major employer in Pulaski County. Its workforce includes 3,276 Department of Defense employees and 3,843 federal civil service employees, as well as defense contractors and contracted employees. Many of these employees live and shop in the City.

The following table shows the number of persons employed, the number unemployed and the unemployment rate for Pulaski County and the State of Missouri:

	2006	2007	2008	2009	2010
Pulaski County					
Employed	17,705	17,855	18,663	19,379	19,221
Unemployed	890	969	1,126	1,492	1,649
Unemployment Rate	4.8%	5.1%	5.7%	7.1%	7.9%
State of Missouri					
Employed	2,887,461	2,895,731	2,861,255	2,768,144	2,725,527
Unemployed	146,633	154,691	185,636	282,979	288,783
Unemployment Rate	4.8%	5.1%	6.1%	9.3%	9.6%

Source: Missouri Economic Research and Information Center, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

The unemployment rate for August 2011 was 8.2% for Pulaski County and 8.9% for the State of Missouri.

Population and Other Statistics

The following table sets forth historical population statistics for the City, Pulaski County, the State of Missouri and the United States:

	1980	1990	2000	2010
City of Waynesville	2,879	3,207	3,507	4,830
Pulaski County	42,011	41,307	41,165	52,274
State of Missouri	4,916,766	5,117,073	5,595,211	5,988,927
United States	226,545,805	248,709,873	281,421,906	308,745,538

Source: U.S. Census Bureau.

The following table from the 2010 Census shows the population by age categories for the City, Pulaski County and the State of Missouri:

Population Distribution by Age (2010 Census)

Age	City of Waynesville	Pulaski County	State of Missouri
Under 5	415	3,944	390,237
5-19 years	1,040	12,811	1,211,174
20-44 years	1,808	22,661	1,937,372
45-54 years	603	5,411	888,572
55-64 years	422	3,679	723,278
65 years and older	542	3,768	838,294
Total	4,830	52,274	5,988,927
Median Age	32.6	26.6	37.9

Source: U.S. Census Bureau.

The following table presents per capita personal income for Pulaski County and the State of Missouri for 2005 through 2009, the latest date for which information is available:

Year	Per Capita Personal Income Pulaski County	Per Capita Personal Income State of Missouri
2005	$30,973	$32,162
2006	34,494	33,903
2007	37,263	35,387
2008	41,410	36,884
2009	42,392	36,181

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Set forth below are the 2010 median (owner-occupied) home values for Pulaski County and the State of Missouri:

	Median Home Value
Pulaski County	$115,100
State of Missouri	134,500

Source: U.S. Census Bureau.

DEBT STRUCTURE OF THE CITY

Legal Debt Capacity

Under Article VI, Section 26(b) of the Constitution of the State of Missouri, the City is authorized to issue general obligation bonds payable from unlimited ad valorem taxes to finance capital improvements upon a four-sevenths (4/7) or two-thirds (2/3) majority vote of the qualified voters voting on the specific proposition, depending upon the specifics dates of the election. The City may issue bonds payable out of tax receipts in an amount not exceeding 10% of the total assessed valuation of the taxable property of the City.

The City is authorized to issue refunding bonds in an amount not exceeding the principal amount of outstanding indebtedness to be refunded plus an amount equal to the interest accrued to the date of such refunding bonds. Refunding bonds do not require voter approval. Refunded Obligations are not included in the calculation of the debt limit of the City.

Statement of Legal Debt Limit

2010 Assessed Valuation	$49,715,855
Debt Limit-10% of Assessed Value	$4,971,585
Less: General Obligation Bonds	-0-
Legal Debt Margin	$4,971,585

Long-Term Obligations of the City

General Obligation Bonds. The City has no general obligation bonds outstanding at this time and has never defaulted on the payment of any of its debt obligations.

Other Bonds. As of March 31, 2011, the City had the following bonds outstanding:

Description	Dated Date	Original Principal Amount	Outstanding Principal Amount
City of Waynesville, Missouri Neighborhood Improvement District Bonds (West Side Sewer Extension Project No. 2), Series 1999	July 29, 1999	$515,000	$136,000
City of Waynesville, Missouri Combined Waterworks and Sewerage System Revenue Bonds, State of Missouri – Direct Loan Program, Series 2011	March 21, 2011	$51,500[1]	$51,500

Lease and Other Obligations. As of March 31, 2011, the City has the following outstanding lease and other obligations:

Description	Dated Date	Original Principal Amount	Outstanding Principal Amount
City of Waynesville, Missouri Certificates of Participation (Refunding), Series 2003	June 1, 2003	$3,115,000	$1,390,000
City of Waynesville, Missouri Certificates of Participation, Series 2007	May 3, 2007	$6,295,000	$5,230,000
Lease Purchase Agreement with Crocker Real Estate Development Company, Inc.[2]	June 1, 2010	$1,390,000	$1,356,208
Missouri Development Finance Board Lease Revenue Bonds (MAMU Lease Pool Program), Series 2005A	June 29, 2005	$1,886,000	$1,501,000
Missouri Association of Municipal Utilities Lease Purchase Agreement	November 25, 2008	$890,000	$666,000
Missouri Highways and Transportation Commission Cost Share Agreement	September 11, 2009	$1,017,440	$1,017,440
Lease Purchase Agreement with Bank of Crocker	January 4, 2010		$51,679
Miscellaneous	Varied		$176,492

[1] City may issue up to $4,750,000 of these bonds but, as of March 31, 2011 only $51,500 had been issued.
[2] To be refinanced with a portion of the proceeds of the Series 2011 Certificates.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City's fiscal year ends on March 31 of each year. The accounts of the City are organized on the basis of fund accounting concepts. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, recorded cash and other financial resources, together with all related liabilities and fund balances and changes therein.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments, except for not maintaining a general fixed assets account group. In accordance with GASB-20 (Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting), the proprietary funds and similar trust funds apply Financial Accounts Standards Board (FASB) pronouncements, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARBs) issued on before November 30, 1989, except those pronouncements that conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted governmental auditing standards. The annual audit for the fiscal year ending March 31, 2011, was performed by Davis, Lynn & Moots, P.C., Springfield, Missouri. Copies of the audit reports for the past five years are on file with the office of the City Clerk.

Summary Statement of Income, Expenses and Changes in Balances in the General Fund

The following Summary Statement of Income, Expenses and Changes in Balances in the General Fund was prepared from financial reports for the fiscal years ending March 31, 2006 through March 31, 2011. The table should be read in conjunction with the financial statements and notes appertaining hereto set forth in **APPENDIX B** of this Official Statement and the other financial statements on file at the City's administrative offices.

Summary Statement of Income, Expenses and Changes in Balances in the General Fund

	Fiscal Year Ended March 31				
	2007	**2008**	**2009**	**2010**	**2011**
Revenues					
Taxes and franchise fees	$ 796,057	$ 875,432	$ 873,240	$ 943,031	$ 973,026
Licenses, permits and fees	222,389	209,928	259,674	233,238	336,562
Intergovernmental	60,190	30,262	53,200	61,837	827,919
Fines and forfeits	96,587	94,037	125,324	163,994	204,700
Donations	2,549	4,940	3,054	3,206	-
Interest	9,328	36,920	21,371	17,009	-
Miscellaneous	11,490	59,726	42,416	33,699	122,693
Total Revenues	$ 1,198,590	$ 1,311,245	$ 1,378,279	$ 1,456,014	$ 2,474,900
Expenditures					
General government	$ 721,574	$ 1,270,775	$ 1,204,624	$ 1,038,020	$ 878,698
Public Safety	626,965	776,303	703,522	761,110	610,893
Highways and Streets	176,978	234,079	222,387	331,226	1,704,287
Airport	374,059	1,307,066	1,284,080	396,048	1,248,730
Cemetery	192	237	20,628	2,817	11,792
Debt Service	-0-	-0-	-0-	-0-	236,765
Total Expenditures	$ 1,899,768	$ 3,588,461	$ 3,435,241	$ 2,529,221	$ 4,691,165
Excess (Deficiency) of Revenues Over Expenditures*	$ (701,178)	$(2,277,215)	$ (2,056,962)	$ (1,073,207)	$(2,226,265)
Other Financing Sources (Uses)*	408,423	2,453,710	1,736,684	2,320,795	2,082,130
Net Change in Fund Balance	$ (292,755)	$ 176,495	$ (320,278)	$ 1,247,588	$ (144,135)
Fund Balance (Beginning)	382,683	89,928	266,423	(53,855)	1,204,505
Effect of Restatement	-0-	-0-	-0-	10,772	-0-
Fund Balance (Ending)	$ 89,928	$ 266,423	$ (53,855)	$ 1,204,505	$ 1,060,370

Source: City's audited financial statements.

* Proceeds of grants and financings are included in "Other Financing Sources (Uses)" above. This can cause significant variations from year to year in expenditures, both in the aggregate and within any particular category of expenditure described above. It can also cause a significant variation in Excess (Deficiency) of Revenues Over Expenditures from one year to the next. In addition, the City generally budgets for a transfer from certain of its utility funds to its general fund each year in an amount equal to approximately 5% of the expected revenues of those utility funds. This approximates the franchise fee that would be required to be paid if the utilities were owned by an entity other than the City. This amount is also included in "Other Financing Sources (Uses)" above. As a result of this transfer being taken into consideration after calculation of Excess (Deficiency) of Revenues Over Expenditures, it can appear that the City is operating at a deficit even when it is not.

Property Taxes

Assessment Procedure. All taxable real and personal property within the City is assessed annually by the County Assessor of Pulaski County, Missouri. Missouri law requires that personal property be assessed at 33-1/3% of true value and that real property be assessed at the following percentages of true value:

Residential real property	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the state legislature adopted a maintenance law in 1986. On January 1 in every odd-numbered year, each county assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 0.5%, livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

Each county assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the board of equalization. The county board of equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation. The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the City (including state assessed railroad and utility property) according to the final adjusted assessment for calendar year 2010 for property owned as of January 1, 2010.

Type of Property	Total Assessed Valuation	Assessment Rate	Total Estimated Market Valuation
Real Estate:			
Residential	$37,809,040	19%	$198,994,947
Commercial	5,549,470	32%	17,335,844
Agricultural	28,700	12%	239,167
Sub-Total	$43,385,210		$216,569,958
Personal Property[1]	6,330,645	33-1/3%	18,993,834
Total	$49,715,855		$235,563,792

[1] Assumes all personal property is assessed at 33-1/3%; because certain subclasses of tangible personal property are assessed at less than 33-1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "***Assessment Procedure***" discussed above.

History of Property Valuations. The total assessed valuation of all taxable tangible property situated in the City according to the assessments of January 1 in each of the following years, has been as follows:

Year	Assessed Valuation	Estimated Market Value
2010	$49,715,855	$ 235,563,792
2009	45,182,055	213,540,499
2008	43,834,695	205,344,139
2007	40,428,730	187,555,488
2006	33,350,520	152,060,422

Tax Rate

The following table shows the City's general revenue fund ad valorem tax levy (per $100 of assessed valuation) for each of the following calendar years:

	2007	2008	2009	2010	2011
General Revenue Fund Levy	$0.5546	$0.5546	$0.5546	$0.5320	$0.5343

Tax Collection Record

The Collector of Revenue for Pulaski County, Missouri collects ad valorem taxes for the City. The County Collector of Revenue deducts a commission for his/her services.

The City levies ad valorem tax on real property, including the real estate portion of locally assessed railroad and utility property, and on personal property. The following table sets for the tax collection information for the City for the last five calendar years:

Tax Year Ended December 31*	Total Adjusted Levy (per $100 of A.V.)	Assessed Valuation	Total Taxes Levied[2]	Total Taxes Collected[1]	Percentage of Assessment Collected
2010	0.5320	$49,715,855	$264,333	$229,776	86.9%
2009	0.5546	45,182,055	254,014	211,850	83.4%
2008	0.5546	43,834,695	243,107	228,346	93.9%
2007	0.5546	40,428,730	224,218	192,805	86.0%
2006	0.5546	33,350,520	169,019	145,033	85.8%

1 Includes delinquent taxes from prior years and protested taxes, fines and penalties.
2 Excludes payments in lieu of taxes with respect to property within a tax increment financing district.
*Includes collections through February 28 of the following year.

Major Property Taxpayers

The following table sets forth the ten parcels with the highest assessed valuation in the City for 2010:

Firm	Type of Business	Real Property Assessed Valuation	% of Total Real Property Assessed Value
Warren Davis Properties XV LLC	Shopping Center	$ 809,600	1.9%
Lowe Investments LC	Car Dealership	534,300	1.2%
H&H Development Co. LLC	Senior Housing	526,140	1.2%
Blandwal, Inc.	Shopping Center	439,970	1.0%
Missouri Community Development	Governmental	422,300	1.0%
Amicare of Missouri LLC	Behavioral Treatment Center	400,320	0.9%
Piedra Enrique & Cheri	Shopping Center	398,140	0.9%
Waynesville Real Estate Investment	Multifamily Housing	413,560	1.0%
Patriott Development LLC	Multifamily Housing	400,020	0.9%
Warren Davis Properties LLC	Grocery Store	344,100	0.8%
Total		$ 4,688,450	10.8%

Source: Pulaski County Assessor

City Sales Taxes

Retail businesses are required to collect the sales tax from purchasers at the time of sale, and, with the exception of a sales tax imposed by a transportation development district, pay the amounts collected to the Department of Revenue of the State with the filing of returns, except for the sales tax on motor vehicles, trailers, boats and outboard motors, which is due at the time application is made for title and registration. The sales volume of a retail business determines the frequency of payments made to the Department of Revenue of the State. In most cases, the retail businesses in the City make monthly payments to the Department of Revenue of the State, which are due on the tenth day of each calendar month for sales taxes collected in the preceding calendar month. Retail businesses located in the City submit applications to the City for a merchants license and an occupancy permit, and before such license and permit are awarded verification of a tax identification number from the State is made by the City. In the event of a failure by a retail business to remit sales taxes, interest and penalties, the unpaid amount may become a lien in the nature of a judgment lien against the delinquent taxpayer. In the event of overpayment by any retail business as a result of error or duplication, provision is made under State law for refunds. Pursuant to State law, taxpayers who promptly pay their sales tax are entitled to retain 2% of the amount of taxes owed.

Within 30 days of receipt of sales taxes by the Department of Revenue of the State, the Director of the Department of Revenue remits to the State Treasurer for deposit in a special trust fund for the benefit of each political subdivision entitled to a sales tax distribution the amount of such sales tax receipts less 1% of such amount which constitutes a fee paid to the State for collecting and distributing the tax. The State Treasurer then distributes moneys on deposit in the special trust fund on behalf of each such political subdivision to such political subdivision on a monthly basis.

General Sales Tax. The City levies a general sales tax at the rate of one percent (1.0%) for its general fund. This tax does not have an ending or sunset date.

Capital Improvement Sales Tax. On November 7, 2000, voters of the City approved the imposition of a City-wide sales tax for capital improvements (the **"Capital Improvement Sales Tax"**) at the rate of one-half percent (0.5%). This tax does not have an ending or sunset date.

Transportation Sales Tax. On June 6, 1989, voters of the City approved the imposition of a City-wide sales tax for transportation purposes (the **"Transportation Sales Tax"**) at the rate of one-half percent (0.5%). While the City's ordinance originally imposing the tax established a termination or sunset date of September 30, 1999, the ballot for the public vote authorizing this tax did not contain a sunset date for the tax. In 1999, the City amended its ordinance to eliminate the sunset date.

Park Sales Tax. On August 6, 1996, voters of the City approved the imposition of a City-wide sales tax for parks and stormwater management (the **"Park and Stormwater Sales Tax"**) at the rate of one-fourth percent (0.25%). This tax does not have an ending or sunset date.

Taxable Retail Sales and Sales Tax Revenues

The following table sets forth the total estimated taxable retail sales for the City for the last five fiscal years:

Fiscal Year Ending March 31	Taxable Retail Sales	Percentage Growth in Sales
2011	$42,255,728	5.2%
2010	40,158,677	11.1%
2009	36,142,185	9.0%
2008	33,146,735	4.4%
2007	31,749,327	(11.4%)

The following table sets forth sales tax revenues (including sales taxes on utility charges, but excluding other utility taxes, gas taxes and sales taxes on vehicles) for the last five fiscal years, net of amounts captured by tax increment financings:

Fiscal Year Ended March 31	**General Tax**	**Transportation Tax**	**Park Tax**	**Capital Improv. Tax**
2011	$465,586.63	$215,437.79	$107,718.70	$232,794.05
2010	440,366.12	204,383.64	101,562.03	218,907.48
2009	391,626.80	180,801.42	90,450.69	195,801.56
2008	385,137.08	179,333.26	88,656.35	190,640.74
2007	362,975.03	168,638.13	92,239.16	173,007.33

Source: Missouri Department of Revenue

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APPENDIX B

FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED MARCH 31, 2011

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CITY OF WAYNESVILLE, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended March 31, 2011

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT 4

MANAGEMENT'S DISCUSSION AND ANALYSIS 7

BASIC FINANCIAL STATEMENTS

Statement of Net Assets 15

Statement of Activities 16

Balance Sheet – Governmental Funds 17

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets 18

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 19

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 20

Statement of Net Assets – Enterprise Funds 21

Statement of Revenues, Expenses and Changes in Net Assets – Enterprise Funds 22

Statement of Cash Flows – Enterprise Funds 23

Notes to Financial Statements 25

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress 55

Budgetary Comparison Schedule – General Fund 56

Budgetary Comparison Schedule – Transportation Fund 58

Budgetary Comparison Schedule – Park and Pool Fund 59

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION (continued)

Budgetary Comparison Schedule – Special Allocation Fund 60

Budgetary Comparison Schedule – Special Assessment Fund 61

Budgetary Comparison Schedule – Community Improvement District Fund 62

Note to Budgetary Comparison Schedules 63

OTHER FINANCIAL INFORMATION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 65

Independent Auditors' Report on Compliance with Requirements that Could have a Direct and Material Effect on each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 67

Schedule of Expenditures of Federal Awards 69

Summary Schedule of Findings and Questioned Costs 70

Schedule of Prior Audit Findings 73

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Waynesville, Missouri, as of and for the year ended March 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Waynesville, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and each major fund of the City of Waynesville, Missouri, as of March 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waynesville, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended March 31, 2011, and, in our opinion, is fairly stated in all material respects in relation to the respective basic financial statements taken as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
September 15, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The management's discussion and analysis of the City of Waynesville's financial performance provides an overview of the City's financial activities for the fiscal year ended March 31, 2011. Please read it in conjunction with the City's financial statements, which begin on page 15.

Financial Highlights

- The net assets of the City's governmental activities increased by $1,151,470 for the year as a result of current year activities. The net assets of the City's business-type activities increased by $725,119 for the year.
- The assets of the City exceeded its liabilities as of March 31, 2011, by $12.3 million (net assets).
- Total long-term liabilities of the City decreased by $544,961.
- City Economy. The local economy has continued to be very stable. Sales tax revenue has remained strong despite the economic downturn on the national level, with sales tax income growing over 9 % as compared to last year's numbers. The City property tax evaluation increased by 9.44% during the same fiscal year. As the City ended the fiscal year in a relatively strong cash-flow position, the City paid off approximately $99,000 in debt and placed $170,000 in the unrestricted cash reserve.
- DREAM Announcement: Governor Nixon announced that Waynesville was one of five Missouri Cities to be designated as a DREAM city. The Dream Initiative, (Downtown Revitalization and Economic Assistance for Missouri) is an innovative program developed by the State of Missouri to provide communities across the state with access to technical and financial assistance for downtown revitalization. The DREAM program will be a three-year program which will focus on retail and housing development, funding programs and marketing assistance for the Downtown area.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the City’s finances is, “Is the City as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Assets and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City’s net assets and changes in them. The City’s net assets – the difference between assets and liabilities – is one way to measure the City’s financial health, or financial position. Over time, increases or decreases in the City’s net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities – Most of the City’s basic services are reported here. Taxes are the primary source of financing for these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City’s water, sewer, electric, gas, and solid waste transfer station services are provided here.

Fund Financial Statements

The fund financial statements provide detailed information about the City’s funds and not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

- Governmental Funds – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. The differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statement.
- Enterprise Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

NET ASSETS

The following table presents the condensed Statement of Net Assets for the City as of March 31, 2011 and 2010:

	Governmental Activities	Business-Type Activities	Total March 31, 2011	Total March 31, 2010
Current and other assets	$ 2,976,308	$ 4,540,154	$ 7,516,462	$ 7,518,643
Capital assets	8,541,513	9,596,719	18,138,232	15,926,077
TOTAL ASSETS	11,517,821	14,136,873	25,654,694	23,444,720
Other liabilities	1,955,239	1,795,676	3,750,915	2,872,569
Long-term liabilities outstanding	4,249,046	5,353,436	9,602,482	10,147,443
TOTAL LIABILITIES	6,204,285	7,149,112	13,353,397	13,020,012
Net assets:				
Invested in capital assets net of related debt	1,842,694	4,275,757	6,118,451	4,883,752
Restricted	531,896	236,350	768,246	3,723,946
Unrestricted	2,938,946	2,475,654	5,414,600	1,817,010
TOTAL NET ASSETS	$ 5,313,536	$ 6,987,761	$ 12,301,297	$ 10,424,708

Total net assets of the City increased by $1,876,589 for the year due to current year activity. Total liabilities for the City have increased by $333,385. Restricted net assets of the City totaled $768,246 as of March 31, 2011. This amount represents monies that are restricted for debt service.

CHANGES IN NET ASSETS

	Governmental Activities	Business-Type Activities	Total Year Ended March 31, 2011	Total Year Ended March 31, 2010
REVENUES AND TRANSFERS				
Program Revenues				
Charges for services	$ 829,974	$ 7,464,222	$ 8,294,196	$ 7,884,323
Operating grants and contributions	86,588	-	86,588	659,173
Capital grants and contributions	741,331	-	741,331	-
General Revenues				
Sales taxes	1,055,444	-	1,055,444	971,288
Ad valorem taxes	263,614	-	263,614	261,200
Motor vehicle and gas taxes	136,079	-	136,079	131,083
Other taxes	460,920	-	460,920	5,282
Franchise fees	85,636	-	85,636	86,282
Interest	42,977	39,310	82,287	93,435
Other revenue	38,194	-	38,194	105,490
Transfers	613,592	(613,592)	-	-
TOTAL REVENUES AND TRANSFERS	4,354,349	6,889,940	11,244,289	10,197,556
EXPENSES				
City hall	476,040	-	476,040	792,485
Fire	131,009	-	131,009	-
Public safety	643,307	-	643,307	777,863
Municipal court	91,176	-	91,176	-
Street	720,809	-	720,809	348,855
Park	333,817	-	333,817	326,504
Cemetery	12,760	-	12,760	3,785
Airport	504,262	-	504,262	401,200
Animal shelter	40,289		40,289	-
Building department	81,269	-	81,269	-
Debt service	168,141	-	168,141	176,325
Electric	-	3,612,556	3,612,556	3,642,559
Water and sewer	-	1,159,247	1,159,247	1,284,868
Trash	-	242,764	242,764	232,221
Natural Gas	-	1,150,254	1,150,254	1,482,043
TOTAL EXPENSES	3,202,879	6,164,821	9,367,700	9,468,708
INCREASE IN NET ASSETS	$ 1,151,470	$ 725,119	$ 1,876,589	$ 728,848

Governmental Activities

Governmental activities increased the net assets of the City by $1,151,470. Tax revenues for the City were $2,001,693 which represents 46% of the funding of these activities. Program revenues for the functions totaled $1,657,893 or 38% of the funding. The following table shows the cost of the City's programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

NET COST OF THE CITY OF WAYNESVILLE'S GOVERNMENTAL ACTIVITIES

	Total Cost of Services	Net Cost of Services
City hall	$ 476,040	$ 430,603
Fire	131,009	131,009
Public safety	643,307	412,707
Municipal court	91,176	91,176
Street	720,809	461,346
Park	333,817	306,292
Cemetery	12,760	12,760
Airport	504,262	(590,606)
Animal shelter	40,289	40,289
Building department	81,269	81,269
Debt service	168,141	168,141
	$ 3,202,879	$ 1,544,986

Business-Type Activities

Business-type activities increased the City's net assets by $725,119. The decrease incurred in the prior year was $301,755. In the current year, the business-type activities transferred $613,592 to the governmental funds.

Financial Analysis of the City's Funds

The combined fund balance of the City's governmental funds as of March 31, 2011, was $2,188,478. The General Fund decreased by $98,920, the Transportation Fund decreased by $55,025, the Park and Pool Fund increased by $137,951, the Special Allocation Fund decreased by $335,622, the Special Assessment Fund decreased by $19,109 and the Community Improvement District (CID) Fund decreased $8,434. If the City had not made transfers from other funds to the General Fund, the General Fund would have decreased $750,146.

General Fund Budgetary Highlights

Differences between the original and the final budget can be summarized as follows:

- The original revenue budget of $2,335,578 was approved by City Council.
- The original expenditures budget of $4,604,371 was approved by City Council.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were $8,541,513 (net of accumulated depreciation) as of March 31, 2011. This represents a $2,633,859 increase from the prior year. Capital assets for business-type activities were $9.6 million as of March 31, 2011. This represents a decrease of $364,569 from the prior year due primarily to the provision for depreciation.

Debt

Total debt of the governmental activities as of March 31, 2011, was $5,742,125, which is up from $4,762,500 in the prior year.

Total debt of the business-type activities as of March 31, 2011, was $5,812,272, which is down from $6,331,991 in the prior year.

Economic Factors and Next Year's Budget

This year was a year of continuing progress for the City. Some of the highlights include:

- City Economy: The local economy has continued to be very stable. Sales tax revenue has remained strong despite the economic downturn on the national level, with sales tax income growing over 9 % as compared to last year's numbers. The City property tax evaluation increased by 9.44% during the same fiscal year. As the City ended the fiscal year in a relatively strong cash-flow position, the City paid off approximately $99,000 in debt and placed $170,000 in the unrestricted cash reserve.

- DREAM Announcement: Governor Nixon announced that Waynesville was one of five Missouri Cities to be designated as a DREAM city. The Dream Initiative, (Downtown Revitalization and Economic Assistance for Missouri) is an innovative program developed by the State of Missouri to provide communities across the state with access to technical and financial assistance for downtown revitalization. The DREAM program will be a three-year program which will focus on retail and housing development, funding programs and marketing assistance for the Downtown area.

- Commercial and Housing Growth:

  - Downtown: There are plans for several new businesses and buildings in the downtown and West Waynesville areas. The City will expand and improve the municipal parking lot with the demolition of the "Tinkle Bar" and a developer will put in a new building to house the License Bureau and another business at the site of the "Victory Pub" building. Both projects will be a benefit to our downtown.

  - VA Clinic: There will be a new VA Clinic on GW Lane in Waynesville – this is a much needed project to support the many veterans in this area. Tentative plans call for a 10,000 square foot facility, which will start construction in the Spring and finish this Summer.

  - Building permits are increasing in the multi-family housing market. A new subdivision (Townsend Subdivision) has 4 multi-family buildings in construction.

Economic Factors and Next Year's Budget (continued)

- Key City Projects: Many projects are underway to improve City infrastructure and to enhance services provided to the citizens:

    - Outer Road to the High School – The City, in partnership with MoDOT, started the new road to the High School. This was a 2 million dollar project funded by a 50/50 cost share grant between the City of Waynesville and the Missouri Department of Transportation, which will improve safety for the traffic to the High School. The project will include a 4 way lighted intersection on Lowe Drive.

    - Airport Improvements – Our regional airport is an economic driver for the community. A new commercial air carrier – Cape Air started service in 2010 and is making big strides in improving air service for our region. The City completed improvements to the airport ramp area and has started the construction of a new General Aviation building at the joint airport. The General Aviation building is scheduled to be completed in April 2011.

    - Park Improvements – In this fiscal year, a new Park Operations Building was completed, the City improved Park Street / parking area and the pavilions reroofed.

    - Infrastructure Improvements – The City completed installing sidewalks in Pioneer Ridge subdivision, and stormwater drainage improvements for the West Waynesville area (including Briarpointe and Glenhaven subdivisions).

    - Waste-Water Collection and Treatment Plant Projects – The City is continuing to address inflow and infiltration issues in the collection system with the assistance of a $500,000 grant from USDA. The Treatment Plant improvements are underway as financed by the State Revolving Fund (5.5 Million Dollar Bond Issue).

Contacting the City's Financial Management

For additional information or questions, please contact any of the following officers at:

City of Waynesville
601 Historic Rt 66 West
Waynesville, Missouri 65583
(573) 774-6171

Bruce Harrill, City Administrator
Carol Welch, City Clerk

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF NET ASSETS
March 31, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current			
Cash and cash equivalents - unrestricted	$ 664,888	$ 545,890	$ 1,210,778
Sales tax receivable	267,810	-	267,810
Ad valorem taxes receivable, net	114,537	-	114,537
Utilities receivable, net	18,642	644,529	663,171
Other receivables	-	33,185	33,185
Accrued interest receivable	-	1,156	1,156
Interfund balances	(1,896,353)	1,896,353	-
Prepaid expenses	466,230	21,751	487,981
Inventory	-	180,857	180,857
Intergovernmental receivable	338,861	-	338,861
Noncurrent			
Cash and cash equivalents - restricted	2,832,605	1,022,807	3,855,412
Deferred bond issue costs	169,088	193,626	362,714
Capital Assets:			
Non-depreciable	3,479,877	325,940	3,805,817
Depreciable, net	5,061,636	9,270,779	14,332,415
TOTAL ASSETS	11,517,821	14,136,873	25,654,694
LIABILITIES			
Current			
Accounts payable	150,680	444,731	595,411
Accrued expenses	24,032	25,685	49,717
Deposits payable	-	286,457	286,457
Court bonds payable	1,680	-	1,680
Deferred revenue	182,887	500,000	682,887
Accrued interest payable	102,881	79,967	182,848
Current maturities of long-term debt	1,493,079	458,836	1,951,915
	1,955,239	1,795,676	3,750,915
Noncurrent			
Compensated absences payable	60,746	32,474	93,220
Tax increment financing bonds	1,874,700	-	1,874,700
MAMU lease payble	133,920	893,670	1,027,590
Certificates of participation	675,400	2,784,209	3,459,609
Bonds payable	93,000	51,500	144,500
Capital leases payable	1,411,280	1,591,583	3,002,863
	4,249,046	5,353,436	9,602,482
TOTAL LIABILITIES	6,204,285	7,149,112	13,353,397
NET ASSETS			
Invested in capital assets, net of related debt	1,842,694	4,275,757	6,118,451
Restricted for debt service	531,896	236,350	768,246
Unrestricted	2,938,946	2,475,654	5,414,600
TOTAL NET ASSETS	$ 5,313,536	$ 6,987,761	$ 12,301,297

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended March 31, 2011

		Program Revenues			Net (Expenses), Revenues and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
City hall	$ (476,040)	$ 33,956	$ 11,481	$ -	$ (430,603)	$ -	$ (430,603)
Fire	(131,009)	-	-	-	(131,009)	-	(131,009)
Public safety	(643,307)	219,011	11,589	-	(412,707)	-	(412,707)
Municipal court	(91,176)	-	-	-	(91,176)	-	(91,176)
Street	(720,809)	259,463	-	-	(461,346)	-	(461,346)
Park	(333,817)	27,525	-	-	(306,292)	-	(306,292)
Cemetery	(12,760)	-	-	-	(12,760)	-	(12,760)
Airport	(504,262)	290,019	63,518	741,331	590,606	-	590,606
Animal shelter	(40,289)	-	-	-	(40,289)	-	(40,289)
Building department	(81,269)				(81,269)	-	(81,269)
Debt service	(168,141)	-	-	-	(168,141)	-	(168,141)
TOTAL GOVERNMENTAL ACTIVITIES	(3,202,879)	829,974	86,588	741,331	(1,544,986)	-	(1,544,986)
Business-Type Activities							
Electric service	(3,612,556)	4,642,696	-	-	-	1,030,140	1,030,140
Water and Sewer service	(1,159,247)	1,227,604	-	-	-	68,357	68,357
Trash service	(242,764)	245,697	-	-	-	2,933	2,933
Natural gas service	(1,150,254)	1,348,225	-	-	-	197,971	197,971
TOTAL BUSINESS-TYPE ACTIVITIES	(6,164,821)	7,464,222	-	-	-	1,299,401	1,299,401
TOTAL GOVERNMENT	$ (9,367,700)	$ 8,294,196	$ 86,588	$ 741,331	(1,544,986)	1,299,401	(245,585)
		General Revenues:					
		Sales taxes			1,055,444	-	1,055,444
		Ad valorem taxes			263,614	-	263,614
		Motor vehicle and gas taxes			136,079	-	136,079
		Other taxes			460,920	-	460,920
		Franchise fees			85,636	-	85,636
		Interest			42,977	39,310	82,287
		Other revenue			38,194	-	38,194
		Transfers			613,592	(613,592)	-
		Total General Revenues and Transfers			2,696,456	(574,282)	2,122,174
		Changes in Net Assets			1,151,470	725,119	1,876,589
		Net Assets, Beginning of year			4,162,066	6,262,642	10,424,708
		Net Assets, End of year			$ 5,313,536	$ 6,987,761	$ 12,301,297

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2011

	General Fund	Park and Pool Fund	Transportation Fund	Special Allocation Fund	Special Assessment Fund	Community Improvement District Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents - unrestricted	$ -	$ -	$ 664,888	$ -	$ -	$ -	$ 664,888
Ad valorem taxes receivable, net	25,799	-	-	-	88,738	-	114,537
Sales tax receivable	172,866	59,436	35,508	-	-	-	267,810
Franchise tax receivable	18,642	-	-	-	-		18,642
Intergovernmental receivable	79,359	-	-	39	-	259,463	338,861
Prepaid expenses	56,990	-	409,240	-	-	-	466,230
Due from other funds	255,218	3,028	-	22,911	44,770		325,927
Cash and cash equivalents - restricted	1,020,777	36,201	-	1,656,730	88,192	30,705	2,832,605
TOTAL ASSETS	$ 1,629,651	$ 98,665	$ 1,109,636	$ 1,679,680	$ 221,700	$ 290,168	$ 5,029,500
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 148,178	$ 2,502	$ -	$ -	$ -	$ -	$ 150,680
Accrued expenses	19,226	1,424	3,382	-	-	-	24,032
Court bonds payable	1,680	-	-	-	-	-	1,680
Deferred revenue	21,545	-	75,000	-	86,342	259,463	442,350
Due to other funds	333,437	38,421	491,940	1,267,034	52,309	39,139	2,222,280
TOTAL LIABILITIES	524,066	42,347	570,322	1,267,034	138,651	298,602	2,841,022
Fund Balances							
Reserved reported in:							
General Fund	1,019,097	-	-	-	-	-	1,019,097
Park and Pool Fund	-	36,201	-	-	-	-	36,201
Debt Service Fund	-	-	-	412,646	83,049	-	495,695
Unreserved, reported in:							
General Fund	86,488	-	-	-	-	-	86,488
Special Revenue Fund	-	20,117	539,314	-	-	(8,434)	550,997
TOTAL FUND BALANCES	1,105,585	56,318	539,314	412,646	83,049	(8,434)	2,188,478
TOTAL LIABILITIES AND FUND BALANCES	$ 1,629,651	$ 98,665	$ 1,109,636	$ 1,679,680	$ 221,700	$ 290,168	$ 5,029,500

See accompanying notes

CITY OF WAYNESVILLE, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
March 31, 2011

Fund balance - total governmental funds	$ 2,188,478
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	10,068,211
Less accumulated depreciation	(1,526,698)
	8,541,513
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as expenditures when due	(102,881)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(5,742,125)
Unamortized issuance costs on long-term debt	169,088
Net assets of governmental activities	$ 5,313,536

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Year Ended March 31, 2011

	General Fund	Park and Pool Fund	Transportation Fund	Special Allocation Fund	Special Assessment Fund	Community Improvement District Fund	Total Governmental Funds
REVENUES							
Taxes	$ 973,026	$ 354,040	$ 222,009	$ -	$ 28,959	$ -	$ 1,578,034
Licenses and permits	28,072	-	-	-	-	-	28,072
Intergovernmental revenues	827,919	-	-	423,659	-	-	1,251,578
Fines and forfeitures	204,700	-	-	-	-	-	204,700
Charges for services	308,490	-	-	-	-	-	308,490
Miscellaneous	122,693	32,915	32,500	11,425	3,210	363	203,106
TOTAL REVENUES	2,464,900	386,955	254,509	435,084	32,169	363	3,573,980
EXPENDITURES							
Current							
City hall	534,955	-	-	-	-	-	534,955
Fire	131,009	-	-	-	-	-	131,009
Public safety	610,893	-	-	-	-	-	610,893
Municipal court	91,176	-	-	-	-	-	91,176
Street	1,704,287	-	309,534	-	-	259,463	2,273,284
Park	-	345,555	-	-	-	-	345,555
Cemetery	11,792	-	-	-	-	-	11,792
Airport	1,248,730	-	-	-	-	-	1,248,730
Animal shelter	40,289		-	-	-	-	40,289
Building department	81,269	-	-	-	-	-	81,269
Debt Service							
Principal and interest	236,765	-	-	385,855	51,278	-	673,898
TOTAL EXPENDITURES	4,691,165	345,555	309,534	385,855	51,278	259,463	6,042,850
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(2,226,265)	41,400	(55,025)	49,229	(19,109)	(259,100)	(2,468,870)
OTHER FINANCING SOURCES (USES)							
Capital lease proceeds	1,476,119	-	-	-	-	-	1,476,119
Operating transfer in (out)	651,226	96,551	-	(384,851)	-	250,666	613,592
TOTAL OTHER FINANCING SOURCES (USES)	2,127,345	96,551	-	(384,851)	-	250,666	2,089,711
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	(98,920)	137,951	(55,025)	(335,622)	(19,109)	(8,434)	(379,159)
FUND BALANCE (DEFICIT), April 1	1,204,505	(81,633)	594,339	748,268	102,158	-	2,567,637
FUND BALANCE (DEFICIT), March 31	$ 1,105,585	$ 56,318	$ 539,314	$ 412,646	$ 83,049	$ (8,434)	$ 2,188,478

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2011

Net change in fund balances - total governmental funds	$	(379,159)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which capital outlays exceeded depreciation for the year.		
Capital outlay		2,670,191
Depreciation		(336,259)
		2,333,932
The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net affect of these differences.		
Repayment of principal on bonds and leases		544,183
Lease proceeds		(1,476,119)
Issuance cost amortization		(11,272)
Interest		(26,872)
		(970,080)
Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the statement of activities when incurred.		166,777
Change in net assets of governmental activities	$	1,151,470

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF NET ASSETS – ENTERPRISE FUNDS
March 31, 2011

	Enterprise Funds				
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	Total Enterprise Funds
ASSETS					
Current Assets					
Cash and cash equivalents	$ 538,814	$ -	$ 7,076	$ -	$ 545,890
Utilities receivable, net	276,129	152,685	36,227	179,488	644,529
Other receivable	13,826	-	-	19,359	33,185
Accrued interest receivable	412	744	-	-	1,156
Inventory	84,592	63,709	-	32,556	180,857
Prepaid assets	-	21,751	-	-	21,751
Interfund balances	845,482	916,822	-	134,049	1,896,353
TOTAL CURRENT ASSETS	1,759,255	1,155,711	43,303	365,452	3,323,721
Restricted Assets					
Cash and cash equivalents	286,457	501,000	-	235,350	1,022,807
TOTAL RESTRICTED ASSETS	286,457	501,000	-	235,350	1,022,807
Deferred Bond Issue Costs	32,546	151,780	-	9,300	193,626
Property, Plant and Equipment					
Non-depreciable	-	325,940	-	-	325,940
Depreciable	3,555,265	10,138,433	-	2,972,911	16,666,609
Less Accumulated Depreciation	(1,685,902)	(4,399,061)	-	(1,310,867)	(7,395,830)
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,869,363	6,065,312	-	1,662,044	9,596,719
TOTAL ASSETS	3,947,621	7,873,803	43,303	2,272,146	14,136,873
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	249,954	90,479	39,766	64,532	444,731
Accrued expenses	12,657	9,815	-	3,213	25,685
Accrued interest payable	14,547	35,541	-	29,879	79,967
Customer deposits	286,457	-	-	-	286,457
Deferred revenue	-	500,000	-	-	500,000
Current portion of long-term debt	83,166	192,990	-	182,680	458,836
TOTAL CURRENT LIABILITIES	646,781	828,825	39,766	280,304	1,795,676
Long-Term Liabilities					
Revenue bonds payable	-	51,500	-	-	51,500
MAMU lease payable	455,360	424,080	-	14,230	893,670
Certificates of participation payable	-	1,492,803	-	1,291,406	2,784,209
Capital leases payable	638,173	953,410	-	-	1,591,583
Compensated absences payable	15,667	14,137	-	2,670	32,474
TOTAL LONG-TERM LIABILITIES	1,109,200	2,935,930	-	1,308,306	5,353,436
TOTAL LIABILITIES	1,755,981	3,764,755	39,766	1,588,610	7,149,112
Net Assets					
Invested in capital assets, net of related debt	775,830	3,143,519	-	356,408	4,275,757
Restricted for debt service	-	1,000	-	235,350	236,350
Unrestricted	1,415,810	964,529	3,537	91,778	2,475,654
TOTAL NET ASSETS	$ 2,191,640	$ 4,109,048	$ 3,537	$ 683,536	$ 6,987,761

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUNDS
Year Ended March 31, 2011

	Enterprise Funds				
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	Total Enterprise Funds
OPERATING REVENUES					
Charges for services	$ 4,640,231	$ 1,007,645	$ 245,697	$ 998,251	$ 6,891,824
Other charges	2,465	219,959	-	349,974	572,398
TOTAL OPERATING REVENUES	4,642,696	1,227,604	245,697	1,348,225	7,464,222
OPERATING EXPENSES					
Salaries and wages	304,681	290,954	-	69,163	664,798
Employee benefits	121,323	115,544	-	29,311	266,178
Materials and supplies	79,649	30,984	-	9,989	120,622
Electic current	2,685,553	-	-	-	2,685,553
Hauling and recycling charges	-	-	236,678	-	236,678
Repairs and maintenance	95,960	23,931	-	1,986	121,877
Gas purchases	-	-	-	778,553	778,553
Travel, meetings and dues	5,249	1,726	-	1,345	8,320
General administrative	-	95,296	-	37,719	133,015
Depreciation	103,908	301,408	-	84,485	489,801
Other operating expenses	161,087	151,140	6,086	26,474	344,787
TOTAL OPERATING EXPENSES	3,557,410	1,010,983	242,764	1,039,025	5,850,182
OPERATING INCOME	1,085,286	216,621	2,933	309,200	1,614,040
NONOPERATING REVENUES (EXPENSES)					
Interest income	18,130	21,173	-	7	39,310
Interest expense	(55,146)	(148,264)	-	(111,229)	(314,639)
TOTAL NONOPERATING REVENUES (EXPENSES)	(37,016)	(127,091)	-	(111,222)	(275,329)
INCOME BEFORE OPERATING TRANSFERS	1,048,270	89,530	2,933	197,978	1,338,711
OPERATING TRANSFERS IN (OUT)	(906,002)	238,685	-	53,725	(613,592)
NET INCOME	142,268	328,215	2,933	251,703	725,119
NET ASSETS, April 1	2,049,372	3,780,833	604	431,833	6,262,642
NET ASSETS, March 31	$ 2,191,640	$ 4,109,048	$ 3,537	$ 683,536	$ 6,987,761

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
Year Ended March 31, 2011

	Enterprise Funds				
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 4,776,644	$ 1,710,117	$ 248,530	$ 1,483,561	$ 8,218,852
Cash paid to suppliers	(3,000,060)	(243,330)	(242,015)	(921,691)	(4,407,096)
Cash paid to employees	(451,057)	(399,941)	-	(96,294)	(947,292)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,325,527	1,066,846	6,515	465,576	2,864,464
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Loans repaid (given) to other funds	62,033	(75,898)	-	(169,603)	(183,468)
Transfers (to) other funds	(906,002)	238,685	-	53,725	(613,592)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(843,969)	162,787	-	(115,878)	(797,060)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of fixed assets	-	(368,024)	-	-	(368,024)
Bond proceeds	-	51,500	-	-	51,500
Payment of principal on capital leases	(78,666)	(244,925)	-	(241,275)	(564,866)
Payment of interest expense	(54,257)	(193,363)	-	(108,430)	(356,050)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(132,923)	(754,812)	-	(349,705)	(1,237,440)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	18,130	21,173	-	7	39,310
Sale (purchase) of investments	104,149	-	-	-	104,149
NET CASH PROVIDED BY INVESTING ACTIVITIES	122,279	21,173	-	7	143,459
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	470,914	495,994	6,515	-	973,423
CASH AND CASH EQUIVALENTS, Beginning of year	354,357	5,006	561	235,350	595,274
CASH AND CASH EQUIVALENTS, End of year	825,271	501,000	7,076	235,350	1,568,697
LESS RESTRICTED CASH AND CASH EQUIVALENTS	286,457	501,000	-	235,350	1,022,807
UNRESTRICTED CASH AND CASH EQUIVALENTS	$ 538,814	$ -	$ 7,076	$ -	$ 545,890

See accompanying notes.

CITY OF WAYNESVILLE, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS (CONTINUED)
Year Ended March 31, 2011

	Enterprise Funds				
	Electric Fund	Water and Wastewater Fund	Trash Fund	Natural Gas Fund	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income	$ 1,085,286	$ 216,621	$ 2,933	$ 309,200	$ 1,614,040
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	103,908	301,408	-	84,485	489,801
(Increase) decrease in:					
Utilities receivable	98,679	(17,487)	2,833	154,695	238,720
Other receivable	(13,826)	-	-	(19,359)	(33,185)
Inventory	88,173	3,208	-	3,779	95,160
Increase (decrease) in:					
Accounts payable	(46,909)	56,539	749	(69,404)	(59,025)
Accrued expenses	(18,931)	6,468	-	2,499	(9,964)
Meter deposits payable	30,074	-	-	-	30,074
Insufficient funds checks	5,195	-	-	-	5,195
Deferred revenue	-	500,000	-	-	500,000
Compensated absences payable	(6,122)	89	-	(319)	(6,352)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,325,527	$ 1,066,846	$ 6,515	$ 465,576	$ 2,864,464

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Waynesville, Missouri (the City) was established in 1833, and operates under the provisions of the State of Missouri. The City operates under a Council – Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture - recreation, public improvements, planning, and general administrative services. Other services include electric, natural gas and waterworks services.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. In accordance with GASB Section 1600.131 (Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting), the proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, except those pronouncements that conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not financially accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City of Waynesville, Missouri is a primary government, which is governed by an elected City Council. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The City has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity for which the City would be considered as a component unit of that entity.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Assets and the Statement of Activities) and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Assets, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Park and Pool Fund: The Park and Pool Fund of the City is used to account for resources received and expended for city parks and recreation.

Transportation Fund: The Transportation Fund of the City is used to account for resources received and expended from the City's Transportation Sales Tax.

Special Allocation Fund: The Special Allocation Fund is a debt service fund used to account for the resources collected and expended in repayment of Tax Increment Financing Obligations.

Special Assessment Fund: The Special Assessment Fund is a debt service fund used to account for resources collected and restricted for repayment of special assessment debt.

Community Improvement District (CID) Fund: The CID Fund is used to account for resources transferred to begin and continue projects within the Westgate CID and restricted for community improvement district related projects. The Westgate CID, at March 31, 2011 has been formed and a one-cent sales tax has been approved for businesses operating within the CID. At March 31, 2011, no businesses have been constructed or started within the CID.

The City reports the following major proprietary funds:

Electric Fund: The Electric Fund accounts for the activities and capital improvements of the City's electric operations.

Water and Wastewater Fund: The Water and Wastewater Fund accounts for the activities and capital improvements of the City's water and sewer operations.

Natural Gas Fund: The Natural Gas Fund accounts for the activities and capital improvements of the City's gas operations.

Trash Fund: The Trash Fund accounts for the activities and capital improvements of the City's solid waste operations.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of $5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings	25-50 years
Electric distribution system	30-50 years
Sewer lines and treatment plant	30-50 years
Waterworks system	30-50 years
Gas distribution system	30-50 years
Equipment	5-10 years
Improvements	10-20 years
Other Infrastructure	10-50 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

Unreserved Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory usage is recognized on the consumption method.

Compensated Absences

Employees earn vacation time based on the number of year's service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic No. 835-20-30 – *The Amount of Interest Cost to be Capitalized in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants*. There was no interest capitalized during the current fiscal year.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after December 31 of that year.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due To and Due From Other Funds

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of March 31, 2011, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

> *Invested in Capital Assets, Net of Related Debt* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> *Restricted* – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.
>
> *Unrestricted* – This consists of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City first applies restricted net assets.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City's deposits be insured or collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2011, all bank balances on deposit are entirely insured or collateralized.

NOTE C – RESTRICTED ASSETS

General Fund

During September 2009, the City executed a cost share agreement with the Missouri Highways and Transportation Commission for improvements to GW Lane. The agreement called for the City to borrow $1,017,440 from the Missouri Transportation Finance Commission.

The special reserves consisting of cash and investments are reported in the accompanying balance sheets as restricted cash and investments and reserved fund balance / restricted net assets. Restricted cash also includes cash restricted for police court bonds and various grant projects.

The total restricted cash/investments and reserved fund balance / restricted net assets for the General Fund are as follows:

	Restricted Cash/ Investments	Restricted/ Reserved Net Assets/ Fund Balance
Funds from MTFC held by MODOT	$ 1,017,440	$ 1,017,440
Court bonds payable	1,680	-
Restricted for grants	1,657	1,657
	$ 1,020,777	$ 1,019,097

Park and Pool Fund

Restricted cash and reserved fund balance/restricted net assets include funds donated for the park acquisition and various park projects that totaled $36,201 at March 31, 2011.

Special Assessment Fund

Cash on hand was restricted to be used for payment of special assessment debt in the amount of $88,192 at March 31, 2011. Fund Balance/Net Assets were reserved/restricted in the amount $83,049 at March 31, 2011.

NOTE C – RESTRICTED ASSETS (continued)

Community Improvement District Fund

Restricted cash was $30,705 at March 31, 2011. Restricted cash consists of funds on hand to be used for expenses relating to community improvement projects.

Special Allocation Fund

During 1999 and 2001, the City issued Tax Increment Financing (TIF) Bonds in the amounts of $500,000 and $1,237,500, respectively, to finance the cost of site development and certain infrastructure improvements to the City's interstate plaza project. The City receives tax revenue from this property, which is restricted for repayment of these bonds. Cash has been restricted, fund balance reserved and net assets restricted for these taxes.

The total restricted cash and reserved fund balance/restricted net assets for the Special Allocation Fund are as follows:

	Restricted Cash	Retricted / Reserved Net Assets / Fund Balance
TIF COP debt service reserve	$ 851,321	$ 412,646
TIF Lease revenue fund	496,149	-
TIF COP project fund	309,260	-
	$ 1,656,730	$ 412,646

Enterprise Funds

The debt of the Enterprise funds of the City consists of the 2003 COP, 2005A MAMU, 2007 COP, 2008 MAMU, and the 2011 Combined Waterworks and Sewerage Revenue Bonds (State of Missouri – Direct Loan Program). The debt ordinances for these issues established amounts required to be deposited in certain sinking and reserve funds. As of March 31, 2011, the City had made the required deposits.

NOTE C – RESTRICTED ASSETS (continued)

During 2003, the City sold Series 2003 Refunding Certificates of Participation, in the amount of $3,115,000, which required amounts to be deposited in certain sinking and reserve funds. These lease Certificates of Participation were issued to refund outstanding debt and fund additional improvements to the natural gas system. As of March 31, 2011, the City had made the required deposits.

On March 21, 2011, the City approved issuance of Series 2011 Combined Waterworks and Sewerage Revenue Bonds (State of Missouri – Direct Loan Program) in an amount not to exceed $4,750,000. These bonds are issued as the project progresses. At March 31, 2011, $51,500 of these bonds had been issued for payment of closing costs, $1,000 remained on deposit in the administrative expense fund, and $4,698,500 remained unissued.

During 2011, the City received a $500,000 Missouri Rural Sewer grant which remained on deposit at March 31, 2011 as restricted cash.

These special reserves consist of cash and investments and are reported in the accompanying balance sheet as restricted assets and restricted net assets. Restricted assets also include cash and investments restricted for customer meter deposits. These restrictions are as follows:

	Restricted Cash and Investments	Restricted Net Assets
ELECTRIC FUND		
Customer meter deposits	$ 286,457	$ -
	286,457	-
WATER AND WASTEWATER FUND		
Missouri rural sewer grant	500,000	-
Series 2011 administrative fee reserve	1,000	1,000
	501,000	1,000
NATURAL GAS FUND		
2003 lease reserve	235,350	235,350
	$ 1,022,807	$ 236,350

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable are presented net of an allowance for doubtful accounts as follows:

	Accounts Receivable	Allowance	Net Accounts Receivable
TAXES RECEIVABLE			
General Fund	$ 29,571	$ (3,772)	$ 25,799
UTILITIES RECEIVABLE			
Enterprise Funds			
Electric Fund	$ 311,064	$ (34,935)	$ 276,129
Water and Wastewater Fund	247,548	(94,863)	152,685
Natural Gas Fund	218,334	(38,846)	179,488
Trash Fund	44,842	(8,615)	36,227
	$ 821,788	$ (177,259)	$ 644,529

NOTE E – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

The business-type activities long-term debt at March 31, 2011, consists of one revenue bond issue; Series 2011 Combined Waterworks and Sewerage Revenue Bonds. The business-type activities long-term debt also consists of the Series 2005A and 2008 Missouri Association of Municipal Utilities (MAMU) lease purchases, Series 2003 and 2007 Certificates of Participation (COP) and one capital lease obligation.

The Combined Waterworks and Sewerage System Revenue Bonds, State of Missouri – Direct Loan Program, Series 2011, were approved for issuance in the principal amount not to exceed $4,750,000 for the purpose of acquiring, constructing, extending and improving the City's combined waterworks and sewerage system. The 2011 bonds bear interest at 1.65% with principal payments due January 1 and interest payments due January 1 and July 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at 1% of the outstanding principal balance. The bonds may be called for redemption prior to stated maturity at the option of the City with prior written consent at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date of redemption, under provisions outlined in the bond ordinance. The City had issued $51,500 of the available bonds at March 31, 2011 and $4,698,500 remained unissued. The bonds outstanding at March 31, 2011, are due as follows: July 1, 2011 principal of $51,500 and interest of $257 will be due.

NOTE E – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

On May 3, 2007, the City issued Series 2007 Certificates of Participation (COP) for the purpose of refunding the Series 1999A and 1999B Tax Increment Revenue Bonds, 2000A, 200B and 2004A Tax Increment Allocation Bonds and to pay the costs of public facilities projects. The lease Certificates of Participation were issued in the principal amount of $6,295,000. The 2007 certificates bear interest at 4.00% to 4.45% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates maturing on or after April 1, 2018, may be called for redemption on or after April 1, 2017, under provisions outlined in the certificate ordinance. The certificates outstanding at March 31, 2011, are due as follows:

Year Ended March 31,	Principal	Interest	Total
2012	$ 385,000	$ 214,326	$ 599,326
2013	405,000	197,971	602,971
2014	415,000	180,991	595,991
2015	435,000	163,310	598,310
2016	455,000	144,719	599,719
2017	475,000	125,205	600,205
2018	495,000	104,764	599,764
2019	150,000	91,183	241,183
2020	160,000	84,673	244,673
2021	165,000	77,806	242,806
2022	170,000	70,688	240,688
2023	180,000	63,160	243,160
2024	185,000	55,221	240,221
2025	195,000	46,908	241,908
2026	205,000	38,108	243,108
2027	215,000	28,814	243,814
2028	540,000	12,015	552,015
	$ 5,230,000	$ 1,699,861	$ 6,929,861

Amount recorded in:

Electric Fund		$ 644,700
Water and Wastewater Fund		1,565,700
Natural Gas Fund		184,200
Governmental Activities		2,835,400
	TOTAL	$ 5,230,000

NOTE E – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

The 2005 Missouri Association of Municipal Utilities Lease was issued in the principal amount of $1,886,000 to fund a capital improvements project. The lease has been recorded in the Electric, Water and Wastewater, and Gas Funds in the amounts of $603,500 (32%), $1,263,600 (67%) and $18,900 (1%), respectively. The lease bears interest at 3.00% with principal and interest payments due each month. The outstanding payments at March 31, 2011, are due as follows:

Year Ended March 31,	Principal	Interest	Total
2012	$ 78,000	$ 67,670	$ 145,670
2013	84,000	51,452	135,452
2014	84,000	60,272	144,272
2015	86,000	56,607	142,607
2016	96,000	52,738	148,738
2017	96,000	48,329	144,329
2018	99,000	44,243	143,243
2019	108,000	39,699	147,699
2020	108,000	35,063	143,063
2021	115,000	30,143	145,143
2022	120,000	25,032	145,032
2023	123,000	19,790	142,790
2024	132,000	2,248	134,248
2025	134,000	8,431	142,431
2026	38,000	1,178	39,178
	$ 1,501,000	$ 542,895	$ 2,043,895

Amount recorded in:

Electric Fund	$ 480,320
Water and Wastewater Fund	1,005,670
Natural Gas Fund	15,010
TOTAL	$ 1,501,000

NOTE E – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

The 2008 Missouri Association of Municipal Utilities Lease was issued in the principal amount of $890,000 for the purpose of refinancing an outstanding lease purchase agreement and to finance the construction of a building to be used by the Park Fund and/or Street Department. The responsibility for the lease has been designated to the Water and Wastewater Fund, Park Fund, and the General Fund - Department in the amounts of $676,400 (76%), $106,800 (12%) and $106,800 (12%), respectively. The lease bears interest at 3.75% with principal and interest payments due each month. The outstanding payments at March 31, 2011, are due as follows:

Year Ended March 31,	Principal	Interest	Total
2012	$ 105,120	$ 15,211	$ 120,331
2013	108,000	10,172	118,172
2014	112,000	8,002	120,002
2015	120,000	5,663	125,663
2016	120,000	8,423	128,423
2017	100,880	(1,488)	99,392
	$ 666,000	$ 45,983	$ 711,983

Amount recorded in:		
Water and Wastewater Fund		$ 506,160
Governmental Activities		159,840
	TOTAL	$ 666,000

In 2003, the City issued Series 2003 Certificates of Participation in the amount of $3,115,000 to refund the 1994 lease Certificates of Participation and Series 2000 Natural Gas Refunding Revenue Bonds. The 2003 certificates bear interest at 1.75% to 4.50% with principal payments due November 1 and interest payments due May 1 and November 1 of each year. The certificates maturing on or after November 1, 2014, may be called for redemption on or after November 1, 2013. The certificates outstanding at March 31, 2011, are due as follows:

NOTE E – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

Year Ended March 31,	Principal	Interest	Total
2012	$ 175,000	$ 56,650	$ 231,650
2013	185,000	50,350	235,350
2014	190,000	43,413	233,413
2015	195,000	32,198	227,198
2016	205,000	28,297	233,297
2017	215,000	19,585	234,585
2018	225,000	10,125	235,125
	$ 1,390,000	$ 240,618	$ 1,630,618

Capital Lease Agreement – Bullet Truck

On January 4, 2010, the City entered into a lease purchase agreement with the Bank of Crocker to finance the purchase of a 2008 Bullet Bucket Truck. The lease has been recorded as a lease obligation payable in the Electric Fund. The lease agreement requires semi-annual principal and interest payments on February 15 and August 15 including interest at 4.65%.

The City's lease/purchase agreements provide for cancellation of the leases at the City's option on the renewal dates each year per state statute, however the City does not foresee exercising its options to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with ASC-840-10-25.

The following is a schedule of the future minimum lease payments under the lease agreements (assuming noncancellation):

Year Ended March 31,		Principal	Interest	Total
2012		$ 34,056	$ 2,008	$ 36,064
2013		17,623	409	18,032
	TOTAL	51,679	2,417	54,096

NOTE E – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

A summary of the changes in long-term debt – business-type activities for the year ended March 31, 2011, is as follows:

	Balance March 31, 2010	Additions	Retirements	Balance March 31, 2011
WATER AND WASTEWATER FUND				
2005A MAMU	$ 1,053,910	$ -	$ 48,240	$ 1,005,670
2007 Lease COP	1,621,800	-	56,100	1,565,700
2008 MAMU	579,120	-	72,960	506,160
2007 Sludge Truck	38,903	-	38,903	-
2007 John Deere Backhoe Loader	26,237	-	26,237	-
2009 Revenue Bonds	5,000	-	5,000	-
2011 Revenue Bonds	-	51,500	-	51,500
Compensated absences	14,048	89	-	14,137
	3,339,018	51,589	247,440	3,143,167
Less:				
Deferred loss on refunding	(16,761)	-	(2,514)	(14,247)
	3,322,257	51,589	244,926	3,128,920
ELECTRIC FUND				
Electric Equipment Lease Payable	84,205	-	32,526	51,679
2007 Lease COP	667,800	-	23,100	644,700
2005 MAMU Lease	503,360	-	23,040	480,320
Compensated absences	21,789	-	6,122	15,667
	1,277,154	-	84,788	1,192,366
NATURAL GAS FUND				
2007 Lease COP	190,800	-	6,600	184,200
2005 MAMU Lease	15,730	-	720	15,010
2003 Refunding Revenue Bonds	1,655,000	-	265,000	1,390,000
Compensated absences	2,989	-	319	2,670
	1,864,519	-	272,639	1,591,880
Less:				
Deferred loss on refunding	(131,939)	-	(31,045)	(100,894)
	1,732,580	-	241,594	1,490,986
	$ 6,331,991	$ 51,589	$ 571,308	$ 5,812,272

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at March 31, 2011, consists of the 2007 Certificates of Participation (COP), 2008 MAMU, one tax increment financing COP (portion of 2007 COP), a Series 1999 Neighborhood Improvement District Bonds, six capital lease obligations, and compensated absences payable.

On May 3, 2007, the City issued Series 2007 Certificates of Participation (COP) for the purpose of refunding the Series 1999A and 1999B Tax Increment Revenue Bonds, 2000A, 200B and 2004A Tax Increment Allocation Bonds and to pay the costs of public facilities projects. The lease Certificates of Participation were issued in the principal amount of $6,295,000. The 2007 certificates bear interest at 4.00% to 4.45% with principal payments due April 1 and interest payments due April 1 and October 1 of each year. The certificates maturing on or after April 1, 2018, may be called for redemption on or after April 1, 2017, under provisions outlined in the certificate ordinance. The Tax Increment Financing portion of these certificates will be provided by payments in lieu of taxes due to the increase in current equalized assessed valuation in the redevelopment project area and by allocating ½ of the additional sales tax revenues collected by the City as a result of this project. The payment schedule for this debt issuance has been presented as a component of Note F.

The 2008 Missouri Association of Municipal Utilities Lease was issued in the principal amount of $890,000 for the purpose of refinancing an outstanding lease purchase agreement and to finance the construction of a building to be used by the Park Fund and/or Street Department. The responsibility for the lease has been designated to the Water and Wastewater Fund, Park Fund, and the General Fund - in the amounts of $676,400 (76%), $106,800 (12%) and $106,800 (12%), respectively. The lease bears interest at 3.75% with principal and interest payments due each month. The payment schedule for this issuance has been presented as a component of Note F.

On July 29, 1999, the City issued Series 1999 Neighborhood Improvement District Bonds in the amount of $515,000. The bonds bear interest at 5.6% with principal due annually on March 1 and interest payments semi-annually on March 1 and September 1 of each year. The bonds outstanding at March 31, 2011, are due as follows:

Year Ended March 31,	Principal	Interest	Total
2012	$ 43,000	$ 7,616	$ 50,616
2013	45,000	5,208	50,208
2014	48,000	2,688	50,688
	$ 136,000	$ 15,512	$ 151,512

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

Capital Lease Agreement – Land

On November 1, 2010, the City entered into a lease purchase agreement with Crocker Real Estate Development Company, Inc. to finance the purchase of land in the amount of $614,452. The land has been recorded as a fixed asset addition and a lease obligation payable. The lease agreement requires semi-annual principal and interest payments on May 1 and November 1 at 7.35%.

Capital Lease Agreement – Land

On November 1, 2010, the City entered into a lease purchase agreement with Crocker Real Estate Development Company, Inc. to finance the purchase of land in the amount of $774,548. The land has been recorded as a fixed asset addition and a lease obligation payable. The lease agreement requires semi-annual principal and interest payments on May 1 and November 1 at 5.10%.

Capital Lease Agreement – 2007 GMC C-7500 truck

On April 1, 2010, the City entered into a lease purchase agreement with Bank of Crocker to finance the purchase of a 2007 GMC C-7500 in the amount of $93,200. The truck has been recorded as a fixed asset addition and a lease obligation payable. The lease agreement requires semi-annual lease principal and interest payments on March 1 and September 1 with interest at 4.40%.

Capital Lease Agreement – 2007 Kenworth

During 2006, the City entered into a lease purchase agreement with Bank of Crocker to finance the purchase of a 2007 Kenworth snow plow for $102,225. The plow has been recorded as a fixed asset addition and a lease obligation payable. The lease agreement requires semi-annual principal and interest payments on June 1 and December 1 at 5.35%.

Capital Lease Agreement – Jet Refueler

During 2007, the City entered into a lease purchase agreement with Bank of Crocker to finance the purchase of a 2007 Jet Refueler for $154,650. The refueler has been recorded as a fixed asset addition and a lease obligation payable. The lease agreement requires semi-annual principal and interest payments on June 15 and December 15 at 4.75%.

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

Capital Lease Purchase – Missouri Transportation Finance Corporation

On September 11, 2009, the City executed a cost share agreement with the Missouri Highways and Transportation Commission for improvements to GW Lane. The agreement called for the City to borrow $1,017,440 from the Missouri Transportation Finance Corporation. The lease bears interest at 1.02% with annual principal and interest payments. At March 31, 2011, the lease has one remaining payment of $1,027,818 consisting of $1,017,440 in principal and $10,378 interest expense. As part of the cost share agreement, $1,017,440 is held by the Missouri Highways and Transportation Commission for the purpose of paying the principal portion due upon completion of the project.

The City's lease/purchase agreements provide for cancellation of the leases at the City's option on the renewal dates each year per state statute, however the City does not foresee exercising its options to cancel. Therefore, these leases are accounted for as noncancellable capital leases in accordance with ASC-840-10-25.

The following is a schedule of the future minimum lease payments under the lease agreements (assuming noncancellation):

Year Ended March 31,	2007 Jet Refueler Lease Purchase	2007 Kenworth Lease Purchase	2009 GMC C-7500 Lease Purchase	Land Lease Purchase	Land Lease Purchase
2012	$ 26,067	$ 20,445	$ 20,969	$ 68,403	$ 74,505
2013	26,067	-	20,969	68,403	74,505
2014	26,067	-	20,969	68,403	74,505
2015	-	-	20,969	68,403	74,505
2016	-	-	10,485	68,403	74,505
2017	-	-	-	68,403	74,505
2018	-	-	-	68,403	74,505
2019	-	-	-	68,403	74,505
2020	-	-	-	68,403	74,505
2021	-	-	-	68,403	74,505
2022	-	-	-	68,403	74,505
2023	-	-	-	68,403	74,505
2024	-	-	-	68,403	74,505
2025	-	-	-	68,403	74,505
2026	-	-	-	19,886	27,460
TOTAL MINIMUM LEASE PAYMENTS	78,201	20,445	94,361	977,528	1,070,530
LESS AMOUNT REPRESENTING INTEREST	(6,112)	(791)	(9,612)	(376,172)	(315,678)
NET LEASE PAYABLE	$ 72,089	$ 19,654	$ 84,749	$ 601,356	$ 754,852

NOTE F – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

A summary of the changes in the long-term debt-governmental activities for the year ended March 31, 2011, is as follows:

	Balance March 31, 2010	Additions	Retirements	Balance March 31, 2011
Certificates of Participation, Series 2007	$ 3,119,600	$ -	$ 284,200	$ 2,835,400
Certificates of Participation, Series 2008 MAMU	182,880	-	23,040	159,840
1999 Neighborhood Improvement District Bonds	177,000	-	41,000	136,000
2007 Jet Refueler Lease Purchase	93,951	-	21,862	72,089
2007 Kenworth Lease Purchase	38,297	-	18,643	19,654
2007 GMC C-7500 Lease Purchase	-	93,200	8,451	84,749
GW Lane Land Lease Purchase	-	615,452	14,096	601,356
GW Lane Land Lease Purchase	-	774,548	19,697	754,851
Missouri Transportation Finance Corporation	1,017,440	-	-	1,017,440
New Holland Tractor Lease Purchase	14,914	-	14,914	-
John Deere Loader Lease Purchase	57,390	-	57,390	-
Compensated Absences	61,028	-	282	60,746
	$ 4,762,500	$ 1,483,200	$ 503,575	$ 5,742,125

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2011, was as follows:

	Balance March 31, 2010	Additions	Deletions	Balance March 31, 2011
Governmental Activities				
Non-depreciable capital assets:				
Land	$ 497,802	$ 1,446,253	$ -	$ 1,944,055
Construction in progress	700,879	881,915	46,972	1,535,822
	1,198,681	$ 2,328,168	$ 46,972	3,479,877
Depreciable capital assets				
Building and improvements	$ 3,353,256	$ -	$ -	$ 3,353,256
Machinery & Equipment	608,723	-	-	608,723
Land improvements	1,669,853	51,972	-	1,721,825
Vehicles	531,517	114,487	20,155	625,849
Infrastructure	35,990	242,691	-	278,681
Total depreciable capital assets	6,199,339	$ 409,150	$ 20,155	6,588,334
Less accumulated depreciation	1,190,439	$ 356,414	$ 20,155	1,526,698
Total depreciable capital assets, net	$ 5,008,900			$ 5,061,636

Depreciation expense for governmental activities was charged to functions as follows:

Administrative	$ 50,597
Public Safety	53,701
Park and pool	57,949
Street	102,725
Airport	90,474
Cemetery	968
	$ 356,414

NOTE G – CAPITAL ASSETS (continued)

	Balance March 31, 2010	Additions	Deletions	Balance March 31, 2011
Business-Type Activities				
Electric Fund				
Non-depreciable capital assets:				
Construction in progress	$ 20,564	$ -	$ 20,564	$ -
Depreciable capital assets:				
Electric distribution system	2,390,225	$ 20,564	$ -	2,410,789
Vehicles	381,056	-	-	381,056
Equipment	719,521	-	-	719,521
Buildings and improvements	43,899	-	-	43,899
	3,534,701	$ 20,564	$ -	3,555,265
Less accumulated depreciation	1,581,994	$ 103,908	$ -	1,685,902
Depreciable Capital Assets, net	1,952,707			1,869,363
Water and Wastewater Fund				
Non-depreciable capital assets:				
Construction in progress	365,393	$ 211,292	$ 250,745	325,940
Depreciable capital assets:				
Buildings and improvements	14,466	-	-	14,466
Distribution system	9,055,444	399,576	-	9,455,020
Equipment	386,105	7,900	-	394,005
Vehicles	274,942	-	-	274,942
	9,730,957	$ 407,476	$ -	10,138,433
Less accumulated depreciation	4,097,653	$ 301,408	$ -	4,399,061
Depreciable Capital Assets, net	5,633,304			5,739,372

NOTE G – CAPITAL ASSETS (continued)

	Balance March 31, 2010	Additions	Deletions	Balance March 31, 2011
Natural Gas Fund				
Non-depreciable capital assets:				
Construction in progress	4,367	$ -	$ 4,367	-
Depreciable capital assets:				
Buildings and improvements	68,705	$ 4,367	$ -	73,072
Distribution system	2,615,088	-	-	2,615,088
Equipment	244,552	-	-	244,552
Vehicles	40,199	-	-	40,199
	2,968,544	$ 4,367	$ -	2,972,911
Less accumulated depreciation	1,226,382	$ 84,485	$ -	1,310,867
Depreciable Capital Assets, net	1,742,162			1,662,044
Total Depreciable Capital Assets, net	$ 9,328,173			$ 9,270,779
Total Non-Depreciable Capital Assets	$ 390,324			$ 325,940

NOTE H – DEFERRED BOND ISSUE COSTS

On July 29, 1999, the City issued Series 1999 Neighborhood Improvement District Bonds in the amount of $515,000 with total bond issue costs in the amount of $8,115. The issue costs will be amortized as an adjustment to interest expense using straight line amortization over 15 years.

During 2005, the Series 2005 Missouri Association of Municipal Utilities Lease was issued in the principal amount of $1,886,000 with total issue costs in the amount of $45,895. The issue costs will be amortized as an adjustment to interest expense using straight line amortization over 20 years.

NOTE H – DEFERRED BOND ISSUE COSTS (continued)

During 2007, the City issued Series 2007 Certificates of Participation (COP) with total issue costs in the amount of $347,461. The issue costs will be amortized as an adjustment to interest expense using straight line amortization over 20 years.

During 2008, the City issued the 2008 Missouri Association of Municipal Utilities Lease to finance new projects for sewer and electric improvements. The issue costs of $21,757 will be amortized as an adjustment to interest expense using straight line amortization over 20 years.

During 2003, the City issued the 2003 Series Public Utility Refunding Revenue Bonds to refund the 1994 Certificates of Participation and 2000 Series Natural Gas Refunding Revenue Bonds. Total issue costs were $12,399 and will be amortized as an adjustment to interest expense using straight line amortization over 15 years.

During 2011, the City issued the Series 2011 Combined Waterworks and Sewerage System Revenue Bonds under the June 2, 2009, election which approved issuance of up to $6,500,000 in combined waterworks and sewerage bonds to finance acquiring, constructing, extending a. Total bond issue costs were $50,500 and will be amortized as an adjustment to interest expense using straight line amortization over 20 years.

These deferred bond issue costs are presented net of current amortization as follows:

	Total Bond Issue Costs	Accumulated Amortization March 31, 2010	Current Amortization	Net Bond Issue Costs
Electric Fund	$ 43,395	$ 8,679	$ 2,170	$ 32,546
Water and Wastewater Fund	180,789	21,775	7,234	151,780
Natural Gas Fund	12,400	2,480	620	9,300
Governmental Activities	225,450	45,090	11,272	169,088
	$ 462,034	$ 78,024	$ 21,296	$ 362,714

NOTE I – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levy per $100 assessed valuation of that property were as follows:

	2010
Assessed Valuation	
Real estate	$ 43,385,210
Personal property	6,301,415
TOTAL	$ 49,686,625
Tax Rate Per $100 of Assessed Valuation	
General Fund	$ .5320

The legal debt margin at March 31, 2011, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	$ 4,968,663	$ 4,968,663	$ 9,937,326
General Obligation Bonds Payable	-	-	-
LEGAL DEBT MARGIN	$ 4,968,663	$ 4,968,663	$ 9,937,326

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

NOTE J – DEFERRED REVENUE

Revenue has been deferred for receivables, which are not expected to be collected within sixty days of year-end but are expected to be collectible. Deferred revenue as of March 31, 2011, consists of the following:

	General Fund	Transportation Fund	Special Assessment Fund	Community Improvement District Fund	Water and Wastewater Fund
Ad valorem taxes	$ 21,545	$ -	$ 86,342	$ -	$ -
Intergovernmental receivable	-	-	-	259,463	-
Grant funds on hand	-	75,000	-	-	500,000
	$ 21,545	$ 75,000	$ 86,342	$ 259,463	$ 500,000

NOTE K – EMPLOYEE PENSION PLAN

Plan Description

The City of Waynesville participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

Full-time employees of the City of Waynesville do not contribute to the pension plan. The June 30th statutorily required contribution rates are 20.9% (General) and 16.7% (Police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

NOTE K – EMPLOYEE PENSION PLAN (continued)

Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	$	228,343
Interest on net pension obligation		-
Adjustment to annual required contribution		-
Annual pension cost		228,343
Actual contributions		228,343
Increase (decrease) in NPO		-
NPO beginning of year		-
NPO end of year	$	-

The annual required contribution (ARC) was determined as part of the February 29, 2008, and February 28, 2009, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table for males projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at February 29, 2008, was 17 years for the General division and 17 years for the Police division. The amortization period at February 28, 2009, was 14 years for the General division and 20 years for the Police division.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/08	$ 216,434	100%	$ -
06/30/09	216,914	100%	-
06/30/10	228,343	100%	-

NOTE K – EMPLOYEE PENSION PLAN (continued)

The actuarial valuation revealed the following relating to the financial position of the Plan:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2010#	$ 749,617	$ 1,882,366	$ 1,132,749	40%	$ 1,144,176	99%

= After benefit changes

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

NOTE L – ECONOMIC DEPENDENCY

The City of Waynesville's economy is largely dependent on the revenues derived from military personnel stationed at Fort Leonard Wood, Missouri, which adjoins the City limits. Fort Leonard Wood's population changes have a substantial influence on the local economy. The closing of the military base would have a significant impact on the operations of the City.

NOTE M – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE N – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of March 31, 2011, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

NOTE O – INTERFUND TRANSFERS

Transfers between funds of the City for the year ended March 31, 2011, were as follows:

	Transfers In	Transfers Out
General Fund	$ 651,226	$ -
Park and Pool Fund	96,551	-
Special Allocation Fund	-	384,851
Community Improvement District Fund	250,666	-
Electric Fund	-	906,002
Water and Wastewater Fund	238,685	-
Natural Gas Fund	53,725	-
	$ 1,290,853	$ 1,290,853

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them.

NOTE P – INTERNAL BALANCES

Internal balances as of March 31, 2011, consisted of the following:

	General Fund	Park and Pool Fund	Transportation Fund	Special Allocation Fund	Special Assessment Fund	Community Improvement District Fund	Governmental Activities Total
Internal balances	$ (78,219)	$ (35,393)	$ (491,940)	$ (1,244,123)	$ (7,539)	$ (39,139)	$ (1,896,353)

	Electric Fund	Water and Wastewater Fund	Natural Gas Fund	Business-Type Activities Total
Internal balances	$ 845,482	$ 916,822	$ 134,049	$ 1,896,353

During the course of its operations, the City has numerous transactions between funds to finance operation, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of March 31, 2011, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE Q – COMMITMENTS

At March 31, 2011, the City was committed to contracts relating to the wastewater treatment plant project in the amount $336,096 and $405,568 with AMC Excavation and C.M. Archer Group P.C., respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WAYNESVILLE, MISSOURI
SCHEDULE OF FUNDING PROGRESS
Year Ended March 31, 2011

Missouri Local Government Employees Retirement System (LAGERS)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2008	$ 988,475	$ 1,725,575	$ 737,100	57%	$ 1,159,363	64%
2/29/2009	777,886	1,740,832	962,946	45%	1,228,332	78%
2/28/2010	749,617	1,703,718	954,101	44%	1,144,176	83%
2/28/2010#	749,617	1,882,366	1,132,749	40%	1,144,176	99%

= After benefit changes

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

CITY OF WAYNESVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended March 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Ad valorem taxes	$ 263,001	$ 263,001	$ 263,614	$ 613
City sales tax	465,587	465,587	481,620	16,033
Motor vehicle taxes	134,640	134,640	136,079	1,439
Utility franchise tax	83,813	83,813	85,636	1,823
Financial institution taxes	1,424	1,424	1,425	1
Railroad and utility tax	4,653	4,653	4,652	(1)
	953,118	953,118	973,026	19,908
Licenses and Permits				
Building permits	14,500	14,500	15,841	1,341
Other licenses and permits	11,576	11,576	12,231	655
	26,076	26,076	28,072	1,996
Intergovenmental Revenues				
Federal and state grants	734,140	734,140	827,919	93,779
Charges for Services				
Fuel sales	272,186	272,186	290,019	17,833
Animal control	13,341	13,341	14,311	970
Other	-	-	4,160	4,160
	285,527	285,527	308,490	22,963
Fines and Forfeitures				
City court fines	213,937	213,937	204,700	(9,237)
Miscellaneous				
Rental income	11,482	11,482	5,884	(5,598)
Interest	20,817	20,817	23,737	2,920
Other	90,481	90,481	93,072	2,591
	122,780	122,780	122,693	(87)
TOTAL REVENUES	2,335,578	2,335,578	2,464,900	129,322

CITY OF WAYNESVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
Year Ended March 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
EXPENDITURES				
Current				
City hall	701,237	701,237	534,955	166,282
Fire	106,337	106,337	131,009	(24,672)
Public safety	648,135	648,135	610,893	37,242
Municipal court	92,212	92,212	91,176	1,036
Street	1,769,839	1,769,839	1,704,287	65,552
Cemetery	11,772	11,772	11,792	(20)
Airport	1,153,250	1,153,250	1,248,730	(95,480)
Animal shelter	40,502	40,502	40,289	213
Building department	81,087	81,087	81,269	(182)
Debt service				
Principal and interest	-	-	236,765	(236,765)
TOTAL EXPENDITURES	4,604,371	4,604,371	4,691,165	(86,794)
(DEFICIT) OF REVENUES OVER EXPENDITURES	(2,268,793)	(2,268,793)	(2,226,265)	42,528
OTHER FINANCING SOURCES				
Capital lease proceeds	1,476,119	1,476,119	1,476,119	-
Operating transfers in	370,000	370,000	651,226	281,226
TOTAL OTHER FINANCING SOURCES	1,846,119	1,846,119	2,127,345	281,226
(DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(422,674)	(422,674)	(98,920)	323,754
FUND BALANCE, April 1	1,204,505	1,204,505	1,204,505	-
FUND BALANCE, March 31	$ 781,831	$ 781,831	$ 1,105,585	$ 323,754

CITY OF WAYNESVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE – TRANSPORTATION FUND
Year Ended March 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Transportation sales tax	$ 215,438	$ 215,438	222,009	$ 6,571
Miscellaneous				
Other	32,500	32,500	32,500	-
TOTAL REVENUES	247,938	247,938	254,509	6,571
EXPENDITURES				
Street	302,855	302,855	309,534	(6,679)
TOTAL EXPENDITURES	302,855	302,855	309,534	(6,679)
(DEFICIT) OF REVENUES OVER EXPENDITURES	(54,917)	(54,917)	(55,025)	(108)
FUND BALANCE, April 1	594,339	594,339	594,339	-
FUND BALANCE, March 31	$ 539,422	$ 539,422	$ 539,314	$ (108)

CITY OF WAYNESVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE – PARK AND POOL FUND
Year Ended March 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Sales taxes	$ 340,513	$ 340,513	351,815	$ 11,302
Fees	3,125	3,125	2,225	(900)
	343,638	343,638	354,040	10,402
Miscellaneous				
Rental income	27,215	27,215	27,525	310
Interest income	1,196	1,196	4,242	3,046
Miscellaneous	88,404	88,404	1,148	(87,256)
	116,815	116,815	32,915	(83,900)
TOTAL REVENUES	460,453	460,453	386,955	(73,498)
EXPENDITURES				
Culture and recreation	353,082	353,082	345,555	7,527
TOTAL EXPENDITURES	353,082	353,082	345,555	7,527
EXCESS OF REVENUES OVER EXPENDITURES	107,371	107,371	41,400	(65,971)
OTHER FINANCING SOURCES				
Operating transfer in	-	-	96,551	96,551
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES	107,371	107,371	137,951	30,580
FUND BALANCE (DEFICIT), April 1	(81,633)	(81,633)	(81,633)	-
FUND BALANCE, March 31	$ 25,738	$ 25,738	$ 56,318	$ 30,580

CITY OF WAYNESVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE – SPECIAL ALLOCATION FUND
Year Ended March 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Intergovernmental	$ 450,485	$ 450,485	$ 423,659	$ 1,508
Miscellaneous				
Interest	9,917	9,917	11,425	1,508
TOTAL REVENUES	460,402	460,402	435,084	3,016
EXPENDITURES				
Bond principal	260,000	260,000	260,000	-
Bond Interest	100,720	100,720	96,180	4,540
Miscellaneous expense	29,675	29,675	29,675	-
TOTAL EXPENDITURES	390,395	390,395	385,855	4,540
EXCESS OF REVENUES OVER EXPENDITURES	70,007	70,007	49,229	(20,778)
OTHER FINANCING USES				
Operating transfers (out)	-	-	(384,851)	(384,851)
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	70,007	70,007	(335,622)	(405,629)
FUND BALANCE, April 1	748,268	748,268	748,268	-
FUND BALANCE, March 31	$ 818,275	$ 818,275	$ 412,646	$ (405,629)

CITY OF WAYNESVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE – SPECIAL ASSESSMENT FUND
Year Ended March 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes				
Special assessments	$ 26,965	$ 26,965	28,959	$ 1,994
Miscellaneous				
Interest	3,495	3,495	3,210	(285)
TOTAL REVENUES	30,460	30,460	32,169	1,709
EXPENDITURES				
Community improvements	51,278	51,278	51,278	-
TOTAL EXPENDITURES	51,278	51,278	51,278	-
(DEFICIT) OF REVENUES OVER EXPENDITURES	(20,818)	(20,818)	(19,109)	1,709
FUND BALANCE, April 1	102,158	102,158	102,158	-
FUND BALANCE, March 31	$ 81,340	$ 81,340	$ 83,049	$ 1,709

CITY OF WAYNESVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE – COMMUNITY IMPROVEMENT DISTRICT FUND
Year Ended March 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Miscellaneous				
Interest	$ 500	$ 500	$ 363	$ (137)
	500	500	363	(137)
EXPENDITURES				
Community improvements	259,463	259,463	259,463	-
TOTAL EXPENDITURES	259,463	259,463	259,463	-
(DEFICIT) OF REVENUES OVER EXPENDITURES	(258,963)	(258,963)	(259,100)	(137)
OTHER FINANCING SOURCES				
Operating transfers in	258,200	258,200	250,666	(7,534)
TOTAL OTHER FINANCING SOURCES	258,200	258,200	250,666	(7,534)
(DEFICIT) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	(763)	(763)	(8,434)	(7,671)
FUND BALANCE, April 1	-	-	-	-
FUND BALANCE, March 31	$ (763)	$ (763)	$ (8,434)	$ (7,671)

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.

2. One public hearing is conducted by the City Council in late February or early March to obtain taxpayers' comments on the proposed budget and tax levy.

3. Prior to April 1, ordinances are passed by the Council, which provide for legally adopted budgets for all funds of the City.

4. Formal budgetary integration is employed as a management control device for all funds of the City.

5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by the City Council on approved budget adjustment forms.

OTHER FINANCIAL INFORMATION

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DAVIS, LYNN & MOOTS, P.C.
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Waynesville, Missouri, as of and for the year ended March 31, 2011, which collectively comprise the City of Waynesville, Missouri's basic financial statements and have issued our report thereon dated September 15, 2011. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Waynesville, Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. They are identified as items 11-1, 11-2 and 11-3.

Compliance and Other Matters

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

We noted certain other matters that we have reported to management of the City of Waynesville, Missouri in a separate letter dated September 15, 2011.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the Honorable Mayor and City Council and management, and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
September 15, 2011

DAVIS, LYNN & MOOTS, P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

We have audited the compliance of the City of Waynesville, Missouri, 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 its major federal program for the year ended March 31, 2011. The City of Waynesville, Missouri's major federal program is 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 its major federal program is the responsibility of the City of Waynesville, Missouri's management. Our responsibility is to express an opinion on the City of Waynesville, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards 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 the City of Waynesville, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Waynesville, Missouri's compliance with those requirements.

In our opinion, the City of Waynesville, Missouri complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2011.

Honorable Mayor and City Council
City of Waynesville
Waynesville, Missouri

Internal Control Over Compliance

Management of the City of Waynesville, Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Waynesville, Missouri's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

This report is intended solely for the information and use of the Honorable Mayor and City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
September 15, 2011

CITY OF WAYNESVILLE, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2011

Federal Grantor / Pass Through Grantor/ / Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Missouri Highway Commission			
Airport Improvement Program	20.106	AIR 10-57B-1	$ 560,767
		AIR 09-57B-1	160,012
Missouri Department of Transportation			
Highway Planning and Construction	20.205	SRTS-INF-H289(106)	2,372
		STP-9900(934)	2,477
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			725,628
U.S. DEPARTMENT OF JUSTICE			
Direct			
Federal Surplus Property Transfer Program	16.578	N/A	5,068
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	9,000
TOTAL U.S. DEPARTMENT OF JUSTICE			14,068
ENVIRONMENTAL PROTECTION AGENCY			
Missouri Department of Natural Resources			
Capitalization Grant for Drinking Water State Revolving Loan Funds	66.468	N/A	50,500
TOTAL ENVIRONMENTAL PROTECTION AGENCY			50,500
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 790,196

N/A - Not Applicable

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note A to the City’s financial statements.

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements.

2. Three material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements were disclosed during the audit.

4. No significant deficiencies were disclosed during the audit of the major federal award program.

5. The auditors' report on compliance for the major federal award program expresses an unqualified opinion.

6. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The program tested as a major program was:

   Airport Improvement Program 20.106

8. The threshold for determining Type A programs was $300,000.

9. The City of Waynesville, Missouri was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESSES

11-1 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The City currently has personnel in place to handle the accounting needs of the City. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the City does not have the resources to hire additional accounting personnel.

11-2 Design of internal control system for preparation of financial statements

Condition: The City has personnel in place to perform all bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management and the City Council. However, the City does not have accounting professionals with the knowledge, experience and training to prepare governmental financial statements in conformity with Government Accounting Standards as part of their internal control system.

Criteria: A properly designed system of internal control, which includes preparation of financial statements in conformity with Governmental Accounting Standards, includes having accounting professionals as part of the system to perform that function.

Effect: The City employs the auditors that perform the annual audit of the financial statements to prepare the annual financial statements.

Recommendation: We recognize that the City may not have the resources to have an accounting professional with the knowledge, experience and training to prepare governmental financial statements in conformity with Governmental Accounting Standards. However, we recommend that management continue to increase their knowledge of financial reporting.

Response: The City does not have the resources to hire additional accounting personnel with the knowledge, experience and training solely to prepare governmental financial statements in conformity with Governmental Accounting Standards. The City does have personnel with sufficient understanding to take responsibility for the financial statements.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

11-3 Design of internal control system for preparation of basic financial statements

Condition: The City has an accounting system and personnel in place to perform all basic bookkeeping functions necessary to maintain a general ledger and prepare internal use statements for management and the City Council for the day-to-day operation of the City. However, the City does not have accounting professionals with the knowledge, experience, and training needed to properly apply accounting principles generally accepted in the United States of America. This condition is found in the majority of smaller entities.

Criteria: The City should have an accounting system that will ensure that accounting principles generally accepted in the United States of America are properly applied.

Effect: Audit adjustments were proposed to management to correct misstatements in order to ensure that the accounting principles generally accepted in the United States of America were properly applied.

Recommendation: We realize due to limited resources, the City may not be able to employ or contract accounting professionals with the combination of knowledge, experience, and training necessary to properly apply accounting principles generally accepted in the United States of America. However, our professional standards require that we bring this to your attention in this report.

Response: Due to limited resources, the City does not have the ability to employ accounting professionals with the combination of knowledge, experience, and training needed to properly apply accounting principles generally accepted in the United States of America.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs for the major federal award program.

CITY OF WAYNESVILLE, MISSOURI
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended March 31, 2011

There were no prior audit findings.

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APPENDIX C

COMMUNITY COLLEGE DISTRICT OF CENTRAL SOUTHWEST MISSOURI

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APPENDIX C

COMMUNITY COLLEGE DISTRICT OF CENTRAL SOUTHWEST MISSOURI

TABLE OF CONTENTS

Page

COMMUNITY COLLEGE DISTRICT OF CENTRAL SOUTHWEST MISSOURI 1

General 1
Governance 1
Administrative Organization 2
Academic Programs 3
Enrollment 5
Comparable Enrollments 5
Enrollment Characteristics 6
Marketing 7
Present Facilities 7
Planned Facilities 9
Accreditation 9
Employee Relations 9

GENERAL INFORMATION CONCERNING THE DISTRICT 9

Location and Size 9
Demographic Information 10
Education 11
Medical and Health Facilities 12
Recreational and Religious Facilities 12
Municipal Services and Utilities 12
Transportation and Communication Facilities 13
Employment 13

DEBT STRUCTURE OF THE DISTRICT 16

Overview 16
Current Long-Term General Obligation Indebtedness 16
Debt Service Requirements 16
Other Obligations 17
Overlapping Indebtedness 18
Legal Debt Limit 18

FINANCIAL INFORMATION CONCERNING THE DISTRICT 19

Accounting, Budgeting and Auditing Procedures 19
Sources of Revenue 20
State Revenue 20
Student Tuition and Fees 21
Comparable Tuition and Fees 22
Property Tax Information 22
Major Property Taxpayers 24
Summary of Receipts, Expenditures and General Fund Balances 25
Financial Aid Programs 25
Risk Management 25
Employee Retirement and Pension Plans 26

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APPENDIX C

COMMUNITY COLLEGE DISTRICT OF CENTRAL SOUTHWEST MISSOURI

General

Prior to organization of the District, the central-southwest portion of Missouri was a region of 250,000 people with no community college available to residents of the region. Recognizing the need for a post-secondary option geared primarily toward technical, job-related training, community leaders in the region contacted the Missouri Council on Vocational Education, which conducted a preliminary study in 1986 documenting the need for such an institution. That need was reinforced by a 1987 survey commissioned by the Board of Education of the Springfield School District.

A 22-member community steering committee was established in October 1987 to develop the community college concept. Fifteen area public school districts were invited to join the proposed college district; fourteen accepted. The steering committee sent a letter of intent to Missouri's Coordinating Board for Higher Education (CBHE) and began a detailed college feasibility study which was submitted to the CBHE in the fall of 1989.

The official formation of the Community College District of Central Southwest Missouri was approved in a public election held April 3, 1990, as was formation of the Board of Trustees (the top six vote recipients were elected). The formation was approved by more than 60% of the voters, and the Board of Trustees began its work with the new community college shortly thereafter. The District, also known as the Ozarks Technical Community College, has its main campus located in Springfield, Missouri. The Richwood Valley campus is located in Christian County, Missouri, and education centers are located in Branson, Lebanon and Waynesville, Missouri.

Effective July 1, 2011, Ozarks Technical Community College became the Ozarks Technical Community College system, a reorganization that will include changes in leadership positions and in the names of the system's various locations. The District is the third largest community college in the state of Missouri, and was recently named one of the top 120 community colleges in the country. The change to a system structure reflects the exponential growth of the District, and puts the institution in a better position for future growth and expansion plans. This will provide the District with more significant opportunities for additional funding, for working with state legislators, and for potential partnerships with larger institutions.

Governance

The District is organized pursuant to Sections 178.770 through 178.890 of the Revised Statutes of Missouri and is governed by a six-member Board of Trustees, consisting of trustees elected at large for six-year terms, with two trustees elected every other year. The Board of Trustees is responsible for all policy decisions. In order to accomplish its goals, the Board of Trustees has employed the Chancellor of the District, as its chief executive officer, to implement its policies. The Chancellor of the District, with other officers of the District, provides leadership in the implementation of the goals of the District. Additional members of the administrative staff and all other employees are appointed by the Board of Trustees. As of September 1, 2011, the District had a total of approximately 1,184 employees, including 505 full-time personnel and 1,021 part-time employees.

Current members of the Board of Trustees are as follows:

President – J. Howard Fisk. A resident of Springfield, Missouri, Mr. Fisk is President of Fisk Transportation, LLC. Mr. Fisk was elected to the Board in 2008 and his current term will expire in April 2014.

Vice President – Dr. Maryellen Stratmann. A resident of Springfield, Missouri, Dr. Stratmann is a physician and educator. Dr. Stratmann was elected to the Board in 2008, and currently serves for a term to expire in April 2014.

Secretary - Jacqueline McKinsey. A Springfield, Missouri resident, Ms. McKinsey has been an active community volunteer for many years, with diligent service devoted to the Springfield School District (board member from 1978-1990) and the Special Education Advisory Panel of the Missouri Department of Elementary and Secondary Education. Ms. McKinsey has served on the Board since its inception in 1990, being reelected most recently in April 2010 to a six-year term which expires in April 2016.

Treasurer - Don Clinkenbeard. A Springfield, Missouri resident, Mr. Clinkenbeard is a registered professional engineer. Mr. Clinkenbeard has served on the Board since its inception in 1990, winning reelection in 1994, 2000 and 2006, and his current term expires in April 2012.

Member – Jeff Layman. A resident of Springfield, Missouri, Mr. Layman is an investment advisor. Mr. Layman was elected to the Board in April 2010, and his current term expires in April 2016.

Member - Larry Snyder. A resident of Ozark, Missouri, Mr. Snyder has been in the construction business for the past 30 years. He owns Larry Snyder & Company, a commercial and industrial construction business. Mr. Snyder was elected to the Board in 2006, and his current term expires in April 2012.

Administrative Organization

The chief executive officer of the District is the Chancellor of the District. Reporting directly to the Chancellor of the District are the Vice Chancellors of Academic and Student Affairs, Administrative Services, Finance, Information Technology, Institutional Advancement, the President of the Richwood Valley campus and the Executive Director of the Center for Workforce Development.

The Chancellor of the District is Dr. Hal Higdon. He has been employed by the District since July 2006. Dr. Higdon's prior job experience includes the following: Vice President for Administration at Mississippi Gulf Coast Community College in Perkinston, Mississippi (July 2000 to June 2006); Associate Vice President for Human Resources at Mississippi Gulf Coast Community College (August 1993 to July 2000); Director of Human Resources and Training for Business and Industry at Faulkner State Community College in Minette, Alabama (March 1991 to July 1993). Dr. Higdon holds a B.S. from the University of Alabama, a M.Ed. and Ph.D. from the University of Southern Mississippi.

The Vice Chancellor of Academic and Student Affairs is Dr. Shirley Lawler. She has held this position since July 2010. Prior to this position, Dr. Lawler served as Associate Vice President of Academic Affairs from 2006-2010. Dr. Lawler, who has been employed by the District since 1997, served as Dean of Technical Education, Dean of Academic Services, and Director of Curriculum Development and Grants. Before joining the District, Dr. Lawler worked in the public schools and has over 28 years of professional experience in education. Dr. Lawler completed her bachelor's degree in secondary education in 1981 and a master's degree in 1984 from Missouri State University in Springfield. In 2005, she completed her Doctor of Education in Career and Technical Education from the University of Missouri.

The Vice Chancellor of Administrative Services is Rob Rector. He has been employed by the District since May 2008. Prior to his work at the District, Mr. Rector accumulated more than 20 years of property and shopping center management experience. He serves on the Board of Directors for the Springfield Area Chamber of Commerce and the Convention & Visitors Bureau. Mr. Rector holds a Bachelor of Science in Marketing from Missouri State University.

The Vice Chancellor for Finance is Marla Moody. She has been employed by the District since June 1997, beginning as Comptroller, and subsequently serving as Director of Accounting (July 1999 to March 2002) and Dean of Finance (April 2002 to November 2004). She became Vice President of Finance in December 2004. Work experience prior to the District includes: Senior Staff Accountant - Grants and Contracts Financial Administrator (April 1985 to May 1997) at Missouri State University. Ms. Moody holds a B.S.E. from Missouri State University and a M.B.A. from Drury University, Springfield, Missouri.

The Vice Chancellor of Information Technology is Joel LaReau. Mr. LaReau has been employed by the District since January 1993, beginning as an adjunct faculty member and subsequently serving as Coordinator/Instructor, Computer Networking and Assistant Dean/Computer Networking. He became Vice President of Information Technology in July 2000. Prior work experience includes: Operations Officer, Korean Intelligence Support Systems (1990 to 1991) and Deputy Director of Information Management (1987 to 1990) with the United States Army. Mr. LaReau holds a B.P.A. from Embry Riddle Aeronautical University and an M.P.A. from the University of Missouri at Kansas City.

The Vice Chancellor of Institutional Advancement is Cliff Davis. He has been employed by the District since July 2004. Mr. Davis's prior job experience includes the following: Assistant to the Vice President for Student Affairs at Missouri State University in Springfield, Missouri (July 1993 – July 2004); Assistant to the President/Director of Governmental Relations at Missouri State University in Springfield, Missouri (March 1993 – June 1994); and Vice President of Community Development for the Springfield Area Chamber of Commerce in Springfield, Missouri (February 1989 – March 1992). Mr. Davis holds a Bachelor of Science in Communications/Public Relations and a Master of Arts in Communications from Missouri State University in Springfield, Missouri.

The President of the Richwood Valley Campus is Dr. Jeff Jochems. He has been employed by the District since March 1991. Dr. Jochems's prior roles at the District have included the following: Director of Financial Aid (March 1991 – July 1998); Assistant Dean of Admissions and Financial Aid (July 1998 – November 2001); Dean of Student Development (November 2001 – September 2006); Dean of Student Services – Richwood Valley Campus (September 2006 – July 2007); and Assistant Vice President of Administrative Services (July 2007 – July 2011). Dr. Jochems holds an Associate of Science degree from Pratt Community College in Pratt, Kansas; a Bachelor of Business Administration degree from Washburn University in Topeka, Kansas; a Master of Science in Education degree from the University of Kansas in Lawrence, Kansas; and a Doctorate in Education degree from the University of Arkansas in Fayetteville, Arkansas.

The Executive Director of the Center for Workforce Development is Dawn Busick. She has been employed by the District since March 2009. Prior to employment with the District, she was the Director for the Missouri Department of Economic Development's Division of Workforce Development. Prior to this appointment, she served as the Assistant Division Director beginning in September 2005. She served 24 plus years in Illinois Government prior to relocating to Missouri. Ms. Busick received her bachelor's degree in Business Management from the University of Illinois at Springfield.

Academic Programs

The District serves approximately 15,000 students enrolled in academic or career programs. The District's academic transfer and career programs are as follows:

Academic Transfer Programs

The District provides the Associate of Arts (A.A.), Associate of Science (A.S.), and Associate of Applied Technology (A.A.T) two-year degrees (62-65 credit hours) and the Associate of Applied Science (A.A.S.) two-year degree (64-79 credit hours) for transfer to a wide variety of four-year institutions in Missouri. The Missouri Department of Higher Education establishes the requirements for the A.A., A.S., A.A.T. and A.A.S. degree.

Career Programs

The post-secondary college component has approval to offer the following 39 technical, job-training programs, but is not offering degrees in all of them currently:

Accounting	Auto Collision Repair Technology
Automotive Technology	Baking
Business and Marketing	Business Technology
Computer Information Technology	Construction Technology
Culinary Arts	Dental Assisting
Dental Hygiene	Diesel Technology
Drafting & Design Technology	Early Childhood Development
Electrical – FAIO	Electronic Media Production
Emergency Medical Technician	Fire Science Technology
Graphic Design Technology	Health Information Technology
Heating, Refrigeration & Air Conditioning	Hospitality Management
Industrial Electronics Technology	Industrial Maintenance Technology
Machine Tool Technology	Manufacturing Technology
Medical Lab Technician	Networking Technology
Nursing – Practical	Nursing – Registered
Occupational Education	Occupational Therapy Assistant
Physical Therapist Assistant	Printing/Graphics Technology
Respiratory Therapy	Surgical Technology
Turf & Landscape Management	Welding Technology
Apprenticeship Industrial Technology – Construction Option	

Since the inception of the District, growth in the various program areas has been strong due to rapidly escalating enrollments.

The District offers 19 technical training programs to high school juniors and seniors residing within the District and who spend a half-day every day at the District's facilities in a specific area. The programs included are:

Auto Collision Repair Technology	Automotive Technology
Drafting and Design Technology	Computer Information Science
Construction Technology	Culinary Arts
Diesel Technology	Early Childhood Development
Electrical Trades	Electronics Media Production
Fire Science Technology	Graphics Design Technology
Health Sciences	Heating, Air Conditioning and Refrigeration
Industrial Control and Automation	Machine Tool Technology
Networking Technology	Turf and Landscape Management
Welding Technology	

School Districts that participate in the high school vocational training programs during the 2011-2012 academic year will be required pay to the District per pupil tuition of $2,090 per year.

The District's Center for Workforce Development works with business and industry to ensure the quality of their workers while keeping costs reasonable. Courses or programs are specially designed for each company. These courses are usually conducted at the job site or may be arranged in a local education facility.

The Center for Workforce Development works with all business and industry located in the District to determine training needs. Once needs have been identified, the District's staff works with company representatives to select the most beneficial method of delivering the desired training. Methods include shop training, classroom instruction, seminars, workshops, specific vendor training, curricula development, training manuals and/or video tapes. The programs are designed to meet one-time needs and are not taught repeatedly as traditional college courses. Company needs may be long-term, and the training is revised periodically to meet those objectives. Financial assistance for the CWD program may be available from the Missouri Department of Elementary and Secondary Education and the Division of Workforce Development to those companies meeting specific state criteria.

The following table shows the number of CWD participants served for the District's fiscal years 2005 to 2010.

Center for Workforce Development Participants, 2005-2010 Fiscal Years

Fiscal Year	Number of Participants
2010	5,466
2009	6,799
2008	5,362
2007	3,690
2006	2,678
2005	3,112

Source: District

Enrollment

The following tables show the enrollment of the District for the Fall semester in each of the last five academic years and the Fall enrollment forecasts for the next five years; the tables do not include high school vocational education students. The District's enrollment has increased rapidly since its doors opened in September of 1991. Included in the enrollment figures are students at the District's education center facilities in Lebanon, Missouri, which had 570 students enrolled in the District's college-credit courses in Fall 2010; Branson, Missouri, which had 472 students enrolled in the District's college-credit courses in Fall 2010; the Richwood Valley Campus located in Christian County, Missouri, which had 1,203 students enrolled in the District's college-credit courses in Fall 2010; and Waynesville, Missouri, which had 357 students enrolled in the District's college-credit courses in Fall 2010. OTC Online began offering online courses in 2001. In 2007, the District began offering 2-year degrees earned 100% online. Currently, the District offers four different online degrees and two certificate programs. OTC Online has enrolled 2,327 students for Fall 2010.

HISTORY OF ENROLLMENT

Fall	Total Enrollment	Full Time Equivalent	Men	Women
2010	13,907	9,241	5,936	7,971
2009	12,884	8,499	5,991	7,293
2008	11,116	7,221	4,780	6,336
2007	10,249	6,769	4,626	5,623
2006	9,667	6,414	4,347	5,320

Source: District

PROJECTED ENROLLMENT

Fall	Total Enrollment
2011-12	13,569
2012-13	14,265
2013-14	14,921
2014-15	15,670
2015-16	16,255

Source: District

Comparable Enrollments

Since its inaugural year in 1991, during which its Fall enrollment was 1,198 students, the District has grown to be the third largest community college in the State of Missouri, as shown on the following table:

MISSOURI COMMUNITY COLLEGE ENROLLMENT, FALL 2010

College	Total Enrollment	Full Time Equivalent
St. Louis Community College	29,128	18,403
Metropolitan Community College (Kansas City)	21,244	13,014
Ozarks Technical Community College	13,907	9,242
St. Charles Community College	8,290	5,408
Jefferson College (Jefferson County)	6,203	4,293
Moberly Community College	5,519	3,764
East Central Community College (Union)	4,471	2,696
State Fair Community College (Sedalia)	4,823	3,321
Three Rivers Community College (Poplar Bluff)	3,732	2,694
Mineral Area Community College (Flat River)	3,991	2,871
Crowder College (Neosho)	5,219	3,310
North Central Community College (Trenton)	1,826	1,224

Enrollment Characteristics

The following table gives the percentage of students enrolled in the Spring semester who returned and enrolled in the following Fall semester or completed a degree/certificate program.

% of Spring Enrollees who Returned the following Fall Semester

2010	2009	2008	2007	2006
62.0%	63.7%	62.3%	61.6%	61.3%

The following table sets forth the geographic distribution of the students enrolled at the District for each of the last five Fall semesters, as determined by the District.

GEOGRAPHIC DISTRIBUTION OF ENROLLED STUDENTS, FALL 2006-2010

	Fall 2010		Fall 2009		Fall 2008		Fall 2007		Fall 2006	
Counties	Number	%	Number	%	Number	%	Number	%	Number	%
Greene	7,074	51%	6,302	49%	5,461	49%	5,199	51%	4,900	53%
Christian	1,965	14%	1,744	14%	1,554	14%	1,370	13%	1,166	12%
Webster	758	5%	764	6%	719	7%	649	6%	613	6%
Polk	427	3%	430	3%	347	3%	342	3%	292	3%
Dallas	177	1%	172	1%	159	1%	145	1%	130	1%
Dade	81	1%	78	1%	82	1%	67	1%	59	1%
Stone	257	2%	174	1%	127	1%	132	1%	112	1%
Lawrence	312	2%	299	2%	290	3%	267	3%	236	3%
Taney	621	4%	592	5%	457	4%	361	4%	n/a	
Others	2,235	16%	2,329	18%	1,920	17%	1,717	17%	1,825	20%

Source: District; (Percentages may not add to 100% due to rounding)

The total student credit hours for the current and the previous five academic years are as follows:

TOTAL STUDENT CREDIT HOURS

Year	Total Credit Hours	Percent Change
2010-11	295,102	9.3%
2009-10	270,033	17.9%
2008-09	228,881	8.2%
2007-08	211,599	6.6%
2006-07	198,450	3.7%

Marketing

The marketing efforts of the District cross over many departments to provide comprehensive marketing, which promotes the District to all of its constituencies including prospective students, influencers, employers, and taxpayers.

The District employs a variety of marketing tools to implement a comprehensive marketing plan via the following methods:

- Mass media campaigns throughout the year for the purpose of image promotion;
- Registration mass media campaigns every semester;
- Counselor visits to regional high school students, counselors and administration year round; Literature dissemination to high schools and libraries;
- Job, career fair and tradeshow participation promoting the District as a whole;
- Job, career fairs and tradeshows participation to promote specific programs or areas of the District; News and feature articles on television, radio and in numerous area newspapers;
- Concentrated, periodic public speaking engagements to area civic organizations;
- Periodic external and internal research to gauge the District's effectiveness;
- Exploration of cooperative advertising opportunities with area businesses to promote specific industries for which the District trains prospective employees;
- Electronic Marketing through consistent communication via e-mail, social medias and the District's website;
- College days on multiple campuses and regional education centers educating students on the District's programs and support services; and
- Webcasting to provide information regarding new programs and campus developments.

Present Facilities

At this time, the District's credit courses are taught primarily on the main campus located at the corner of National Avenue and Chestnut Expressway in mid-town Springfield, with a few classes (mainly dual-enrollment and GED classes) held in outlying schools.

Springfield Campus. The main campus in Springfield is comprised of fourteen buildings. Administrative offices are located in the Information Commons Building. The other buildings on the campus are the Norman K. Myers Technical Education Center, the Information Commons East, Information Commons West, the Industry, Transportation & Technology Center, the Center for Workforce Development, the Human Resources building, the Receiving, Purchasing, Mailing Operations Center, Graff Hall, Lincoln Hall, the Bookstore, the Lewis Family Early Childhood Education Center, Community Enrichment Center and leased space at the Gillioz Theatre.

The Norman K. Myers Technical Education Center (TEC) was occupied in July 1997, with an expansion addition completed in 2009. It contains 69,500 square feet of state-of-the-art classrooms, science, electronics and computer laboratories and offices.

The Information Commons was occupied in June 1998 and contains 49,000 square feet. It houses the General Administration offices, the Learning Resources Center (Library), OTC Foundation offices and student study and lounge areas.

The District's third permanent structure, occupied in June 1999, was a classroom addition to the Information Commons called the Information Commons East (ICE) and consists of 61,000 square feet of classrooms, offices, special areas for the Disabilities Support Center, the Speckman Tutoring & Learning Center (TLC), Speech Center, Writing Center, the College Career Center and student study and lounge areas.

The Industry Transportation & Technology Center (ITTC) was constructed in 2000 and contains 101,000 square feet of classrooms and hands-on training laboratories for auto and diesel programs, drafting and design, electronics, machine tool, turf and landscape, and welding programs. The building is utilized by the District's students as well as high school students enrolled in the area vocational-technical programs.

The Information Commons West was occupied in October 2002, and contains 73,900 square feet of general education classroom and office space. This building houses the culinary arts and hospitality programs, student services facilities, flexible meeting rooms, a cafeteria, bookstore, student study areas and a fitness center.

Graff Hall was constructed in 1970 and contains 49,500 square feet of classroom and laboratory space. This building houses Networking and Computer Services, Information Technology, Fire Science, Business and Marketing programs and laboratories, and the Adult Education and Literacy programs. This building was extensively remodeled in 2001.

Lincoln Hall was built in 1931 as a high school. The building was later transformed into a vocational school which provided technical training for both high school and adult students. Major additions were made in 1965 and 2000. Lincoln Hall contains 108,532 square feet and houses the District's Allied Health programs.

The District currently leases a 17,097 square-foot building that houses the Center for Workforce Development. This building, located at 615 West Washington, Springfield, Missouri, is comprised of classrooms, labs and office space.

The Human Resources office building and the Receiving, Purchasing, Mailing (RPM) Operations Center were both occupied in the Summer 1998. They are extensively remodeled structures on Central Street on the main campus. The HR building, at 1139 East Central, has 3,600 square feet and houses offices and three interview areas.

The RPM is 4,500 square feet, at 933 East Central, and houses the Purchasing, Receiving, Mailing, Inventory and Warehouse operations.

The Offices of Community Enrichment is housed in the CEC located at 800 East Central, Springfield, Missouri. It is approximately 4,928 square feet.

The District constructed the Lewis Family Early Childhood Education Center in 2007. This state-of-the art facility is approximately 13,418 square feet and houses a preschool for the children of students and staff. It is located at 936 North Hampton in Springfield, Missouri.

The OTC Bookstore is housed in a 4,800 square foot building located at the corner of Brower and Sherman streets in Springfield, Missouri. Students can purchase textbooks, classroom supplies and apparel with the District logo.

The District currently leases 7,538 square feet of space in the historic Gillioz Theatre, located in the Ronald & Nancy Reagan Center, 317 East Park Central, Springfield, Missouri. The space houses classroom and office space for the District's Fine Arts program.

Richwood Valley Campus – Christian County, Missouri. In 2000, the District purchased approximately 78 acres of land in Christian County, south of Springfield, looking toward the eventual establishment of a second campus that would complement the District's existing classes and programs. That second campus was opened in 2006 and is known as Richwood Valley.

In 2005, construction began on the first building at the District's Richwood Valley campus. The Life Science Technology Center was completed and opened for classes in Spring 2007. The 59,561 square foot building is a full-service facility, housing state-of-the-art classrooms, library, student study and lounge areas, food service and administrative offices.

In 2008, construction began on a second building at Richwood Valley, funded, in part, by a grant from the Federal Emergency Management Agency. The District received the federal grant (requiring a 25% District match) in order to build a community tornado shelter with the ability to withstand 250 mph winds. The 9,842 square-foot shelter was completed in the Spring 2009, housing classroom and meeting area space.

Branson Education Center. The District currently leases approximately 16,275 square feet of space at The Shoppes at Branson Meadows, Branson, Missouri that serves as the Branson Education Center. The District is currently constructing a 60,000 sq. ft. educational facility 2010 on a 9 acre site fronting U.S. 65

in Hollister, Missouri. This third full-service campus, OTC Table Rock, is slated to open for Fall 2013 classes. At that time, the Branson Education Center operation will be vacated.

Lebanon Education Center. The District's Lebanon Education Center is currently located at 22360 MM Highway, Lebanon, Missouri. In December 2009, the District received a gift of two 35,000 sq. ft. buildings valued at $2.6 million. The District renovated these buildings to house classrooms, labs, offices and student areas. Classes in the new facilities began with the Fall 2011 semester.

Waynesville Education Center. In August 2008, the District opened a new education center in the Townfield Plaza Center in Waynesville. The District leases approximately 10,000 square feet of space, featuring state-of-the-art classrooms. The lease on this facility, which the District has outgrown, expires in April 2013. The District Project is being constructed to replace this facility.

Planned Facilities

While the District has plans for additional facilities, such projects will not move forward until sources of funding are identified.

Accreditation

The District was granted full accreditation for five years (the maximum allowable) by the North Central Association of Colleges and Schools ("NCA") Higher Learning Commission, Chicago, Illinois in August 1996. In February 2001, an on-site visit conducted by NCA representatives resulted in a recommendation by the representatives for full accreditation to be continued for ten years. The District received final confirmation of the representatives' recommendation in Fall 2001. As a result, the District received accreditation by the NCA through 2010-2011. In Fall 2008, the District began preparing for continued reaccreditation from the HLC by conducting an extensive self study. HLC evaluators were on campus to conduct the reaccreditation site visit in February 2011. The site visit was successful and, as a result, the District is currently accredited by the NCA through 2020-2021.

The District is also recognized and/or accredited by the American Culinary Federation; Commission on Dental Accreditation of the American Dental Association; Commission on Accreditation of Allied Health Education Programs; Accreditation Council for Occupational Therapy Education; Commission on Accreditation for Health Informatics and Information Management Education; Missouri Coordinating Board for Higher Education; Missouri Department of Health Bureau of Emergency Medical Services; Missouri State Board of Nursing; Accreditation Review Committee in Surgical Technology; Committee on Accreditation for Respiratory Care; Missouri State Department of Elementary and Secondary Education; Commission on Accreditation in Physical Therapy Education; Committee for Accreditation of Rehabilitation Facilities; Inter-Industry Conference on Auto Collision Repair; Automotive Standards of Excellence/National Automotive Technicians Education Foundation; Associated General Contractors; Associated Land Contractors of American a.k.a. PLANET (Professional Landcare Network); National Association of Industrial Technology; HVAC Excellence; and the American Welding Society.

Employee Relations

The District has never experienced a strike, work stoppage or any other breakdown in the management-employee relationship. None of the District's employees are represented by a union or other employee organization.

GENERAL INFORMATION CONCERNING THE DISTRICT

Location and Size

The District is located in the southwestern portion of Missouri and includes a part of Greene County, Webster County, Christian County, Dallas County, Polk County, Dade County, Taney County, Lawrence County and Stone County. The combined population of the counties which are a part of the District is 567,106, according to the 2010 Census.

The following cities having a population, according to the 2010 Census, as indicated are located within the District:

City	2000 Population	2010 Population
Springfield	151,580	159,498
Nixa	12,124	19,022
Ozark	9,665	17,820
Republic	8,438	14,751
Marshfield	5,720	6,653
Battlefield	2,385	5,590
Willard	3,193	5,288
Hollister	3,867	4,426
Rogersville	1,508	3,073
Strafford	1,845	2,358
Clever	1,010	2,139
Ash Grove	1,430	1,472
Fremont Hills	597	826
Fordland	684	800
Walnut Grove	630	665
Pleasant Hope	548	614
Everton	322	319
Total	205,546	245,314

The District includes the following 15 school districts: Ash Grove R-IV, Clever R-V, Everton R-III, Fordland R-III, Greene County R-VIII (Logan/Rogersville), Hollister R-V, Marshfield R-I, Nixa R-II, Ozark R-VI, Pleasant Hope R-VI, Republic R-III, Springfield R-XII, Strafford R-VI, Walnut Grove R-V and Willard R-II. The estimated 2009 population for each school district is as follows:

School District	2009 Population
Ash Grove	5,329
Clever	4,662
Everton	1,017
Fordland	4,797
Hollister	10,859
Logan/Rogersville	11,784
Marshfield	14,356
Nixa	27,982
Ozark	27,564
Pleasant Hope	4,867
Republic	17,486
Strafford	6,320
Walnut Grove	2,010
Willard	18,746
Springfield R-12	209,397
Total	367,176

Source: U.S. Bureau of the Census

Demographic Information

The following is population information for the counties into which the District's boundaries extend:

POPULATION, BY COUNTY

County	1980 Population	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Greene	185,302	207,949	240,391	15.6%	275,174	14.5%
Christian	22,402	32,644	54,285	66.3%	77,422	42.6%
Taney	20,467	25,561	39,703	55.3%	51,675	30.2%
Lawrence	28,973	30,236	35,204	16.4%	38,634	9.7%
Webster	20,414	23,753	31,045	30.7%	36,202	16.6%
Stone	15,587	19,078	28,658	50.2%	32,202	12.4%
Polk	18,822	21,826	26,992	23.7%	31,137	15.4%
Dallas	12,096	12,646	15,661	23.8%	16,777	7.1%
Dade	7,383	7,449	7,923	6.4%	7,883	-0.5%
Total	331,446	381,142	479,862	25.9%	567,106	18.2%

Source: U.S. Bureau of the Census

The per capita personal income (in current dollars) for the counties into which the District's boundaries extend and for the State of Missouri was as set forth below:

PER CAPITA PERSONAL INCOME

County	1985	1990	1995	2000	2009
Greene	$12,611	$16,287	$20,890	$26,266	$34,691
Webster	9,593	11,931	15,279	18,398	25,568
Christian	11,462	13,906	18,751	23,656	27,972
Dallas	8,631	11,100	14,092	19,737	25,979
Polk	10,072	11,949	15,091	18,047	25,978
Dade	9,781	12,336	14,557	18,808	28,079
Lawrence	10,188	12,212	15,585	18,881	25,775
Stone	11,772	14,645	18,610	22,999	30,991
Taney	11,101	14,297	19,089	23,107	28,790
Springfield Metropolitan Statistical Area	11,902	15,143	19,455	24,335	31,754
State of Missouri	13,836	17,582	21,832	27,891	36,181

Source: USDC, Bureau of Economic Analysis. In current dollars (not adjusted for inflation).

Education

The District contains 15 school districts within its boundaries which, for the 2009-2010 academic year, had a total enrollment of approximately 55,728 students.

The enrollment characteristics and school district classification for each of the school districts within the boundaries of the District for the 2009-2010 academic year are as follows:

2009-2010 SCHOOL DISTRICT ENROLLMENT

Name	Elementary	Middle School	Jr. High	High School	Total	Category*
Ash Grove	434			415	849	Accredited
Clever	574	217		260	1,051	Accredited
Everton	82			93	175	Accredited
Fordland	309	137		187	633	Accredited
Hollister	550	201	192	427	1,370	Accredited
Marshfield	1,501		766	931	3,198	Accredited
Nixa	3,077	821		1,539	5,437	Accredited
Ozark	3,043		826	1,497	5,366	Accredited
Pleasant Hope	364	260		354	978	Accredited
Republic	2,626	612		1,081	4,319	Accredited
Logan/Rogersville	1,083	523		674	2,280	Accredited
Strafford	444	410		360	1,214	Accredited
Walnut Grove	166			138	304	Accredited
Willard	2,299	597		1,260	4,156	Accredited
Springfield R-12	12,093	4,877		7,428	24,398	Accredited
TOTAL	28,645	8,655	1,784	16,644	55,728	

Source: Missouri Department of Elementary and Secondary Education. The Missouri Department of Elementary and Secondary Education evaluates each school district, and after the evaluation each district is placed in one of the three following categories: “accredited,” “provisionally accredited” or “unaccredited.”

Medical and Health Facilities

Springfield is a regional health care center, serving residents throughout the District and beyond. Cox Health Systems and St. John’s Health Center are the two largest employers in the Springfield Metropolitan Statistical Area. In addition to Cox and St. John’s, the City contains several smaller hospitals and the offices of numerous medical and osteopathic physicians, chiropractors, dentists, orthodontists, and other specialists.

Recreational and Religious Facilities

Many public parks with shelter houses, picnic facilities, sports fields, tennis courts, and playgrounds are available for citizens. Four large private health/fitness centers exist within Springfield, plus an active downtown YMCA facility and a large YMCA facility in the southern residential area of Springfield. An 8,000 seat baseball stadium opened in April 2004 and is home to the AA Springfield Cardinals. Churches and synagogues representing many different religions and denominations are located within the District.

Springfield offers a variety of cultural activities, including the Springfield Symphony, the Springfield Regional Opera, the Springfield Little Theatre, the Springfield Ballet, the Springfield Art Museum, the Juanita K. Hammons Hall for the Performing Arts, Mid-America Singers, Stained Glass Theatre, Children’s Choirs of Southwest Missouri, Springfield Area Arts Council, Springfield Visual Arts Alliance and numerous events sponsored by Missouri State University and area colleges and universities. Springfield is also within easy access of Branson, Missouri, which has many music theaters, shows and events.

Municipal Services and Utilities

Within the City of Springfield, all utilities are municipally-owned, including water, sanitary sewage, electrical generation and distribution, gas distribution and bus transportation facilities. Outside of Springfield, the principal electric utilities serving the area within the District are Ozark Electric and Empire Electric, water is primarily provided by various municipal utilities, gas is distributed primarily by Gas

Service and sanitary sewage is provided by various municipal utilities. Telephone service is provided primarily by Southwestern Bell Telephone Company.

Transportation and Communication Facilities

The Springfield/Branson National Airport provides service with five major airlines, and more than 50 daily arrivals and departures. The airlines represented are Allegiant Air, American Airlines, Northwest Airlines, Delta Connection and United Express. The airport terminal provides complete airline ticketing facilities, automated baggage handling, travel agency, restaurant, gift shop, visitor information center, major car rental agencies, lounges, and meeting facilities for business travelers and the public. The Springfield/Branson National Airport is located on approximately 3,000 acres at the northwest edge of the City. The 275,000 square foot terminal building offers ten gates with expansion to 60 gates for aircraft boarding and an intermodal facility, from which travelers may board their ground transportation in temperature controlled comfort. A recent $117 million terminal expansion and improvement was completed in Spring 2009. Known as the destination airport for Branson and the Ozark Mountain Country, Springfield/Branson National Airport is the regional hub for one-stop flights to more than 400 destinations, including 18 foreign cities.

Springfield is served by the Burlington Northern Santa Fe Railway. Regular motor carrier service is provided daily. Springfield is a major freight break point center for Roadway Express, Inc., on east to west freight movements. Local telephone service is primarily provided by AT&T. Springfield is the location of and is served by four commercial television stations, a public television station, at least 16 commercial broadcast radio stations and a public radio station.

Employment

Listed below are the major employers, based on full-time equivalent employees as of the summer of 2011, located in the Springfield Metropolitan Statistical Area, which includes Greene, Christian, Webster, Polk and Dallas Counties:

Top Springfield MSA Employers

Employer	Type of Business	Employees
St. John's Health System	Health Care	9,036
CoxHealth Systems	Health Care	6,267
Walmart Stores Inc.	Retail	4,000
Springfield Public Schools	Education	2,911
United States Government	Government	2,500
Bass Pro Shops / Tracker Marine (HQ)	Retail/manufacturing	2,363
State of Missouri	Government	2,306
Missouri State University	Education	2,149
O'Reilly Auto Parts (HQ)	Auto Parts	1,673
Citizens Memorial Healthcare	Health Care	1,600
City of Springfield	Government	1,526
Chase Card Services	Financial	1,250
Kraft Foods, Inc.	Manufacturing	1,071
SRC Holdings (HQ)	Manufacturing	1,000
Springfield City Utilities	Utility	969
General Council of the Assemblies of God (HQ)	Religious	900
American National Property & Casualty Co. (HQ)	Insurance	850
Ozark R-VI School District	Education	730
Prime, Inc. (HQ)	Transportation	700
Associated Wholesale Grocers	Transportation	700

Source: Springfield Area Chamber of Commerce

The following tables set forth employment figures for the counties into which the District's boundaries extend.

Greene County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
July 2011	142,243	131,622	10,621	7.50%
2010	139,254	127,532	11,722	8.40%
2009	139,647	127,938	11,709	8.40%
2008	140,227	133,151	7,076	5.00%
2007	142,547	136,886	5,661	4.00%
2006	139,504	134,280	5,224	3.70%

Christian County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
July 2011	41,378	38,381	2,997	7.20%
2010	40,605	37,188	3,417	8.40%
2009	40,646	37,306	3,340	8.20%
2008	40,227	38,216	2,011	5.00%
2007	40,002	38,460	1,542	3.90%
2006	39,189	37,724	1,465	3.70%

Taney County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
July 2011	29,418	26,908	2,510	8.50%
2010	27,357	23,899	3,458	12.60%
2009	28,230	24,845	3,385	12.00%
2008	28,460	26,278	2,182	7.70%
2007	27,501	25,647	1,854	6.70%
2006	26,356	24,543	1,813	6.90%

Lawrence County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
July 2011	18,823	17,391	1,432	7.60%
2010	18,658	17,084	1,574	8.40%
2009	19,121	17,532	1,589	8.30%
2008	19,522	18,584	938	4.80%
2007	19,370	18,590	780	4.00%
2006	19,325	18,578	747	3.90%

Webster County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
July 2011	17,081	15,620	1,461	8.60%
2010	16,819	15,135	1,684	10.00%
2009	16,807	15,183	1,624	9.70%
2008	16,878	15,926	952	5.60%
2007	17,124	16,309	815	4.80%
2006	17,104	16,381	723	4.20%

Stone County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
July 2011	16,667	15,318	1,349	8.10%
2010	15,527	13,604	1,923	12.40%
2009	16,079	14,143	1,936	12.00%
2008	16,629	15,339	1,290	7.80%
2007	16,446	15,397	1,049	6.40%
2006	16,393	15,308	1,085	6.60%

Polk County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
July 2011	14,540	13,132	1,408	9.70%
2010	14,115	12,724	1,391	9.90%
2009	14,178	12,764	1,414	10.00%
2008	14,176	13,320	856	6.00%
2007	14,451	13,762	689	4.80%
2006	14,333	13,701	632	4.40%

Dallas County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
July 2011	7,322	6,649	673	9.20%
2010	7,295	6,442	853	11.70%
2009	7,314	6,463	851	11.60%
2008	7,439	6,878	561	7.50%
2007	7,540	7,145	395	5.20%
2006	7,590	7,204	386	5.10%

Dade County

Average for Year	Total Labor Force	Employed	Unemployed	Unemployment Rate
July 2011	3,305	3,012	293	8.90%
2010	3,484	3,173	311	8.90%
2009	3,566	3,250	316	8.90%
2008	3,592	3,368	224	6.20%
2007	3,765	3,566	199	5.30%
2006	3,886	3,705	181	4.70%

Source: Missouri Division of Employment Security, Research and Analysis Department and Missouri Economic Research and Information Center.

DEBT STRUCTURE OF THE DISTRICT

Overview

The following table summarizes certain financial information concerning the District. This information should be reviewed in conjunction with the information contained in this section and the financial statements of the District in **Appendix B**.

2010 Assessed Valuation(1)	$	5,524,423,414
2010 Estimated Actual Valuation(2)	$	24,109,440,293
Outstanding General Obligation Bonds (Direct Debt)	$	0
Direct Debt and Lease Obligations, including principal portion of Facilities Basic Rent under District Sublease	$	51,525,000
Estimated Population (2009)		367,176
Per Capita Direct Debt and Lease Obligations	$	140.33
Ratio of Direct Debt and Lease Obligations to Assessed Valuation		0.93%
Ratio of Direct Debt and Lease Obligations to Estimated Actual Valuation		0.21%
Overlapping and Underlying General Obligation Debt and Lease Obligations (Indirect Debt and Lease Obligations)(3)	$	811,211,444
Total Direct and Indirect Debt and Lease Obligations	$	862,726,444
Per Capita Direct and Indirect Debt and Lease Obligations	$	2,349.65
Ratio of Direct and Indirect Debt and Lease Obligations to Assessed Valuation		15.62%
Ratio of Direct and Indirect Debt and Lease Obligations to Estimated Valuation		3.58%

(1) Includes final real and personal property as provided for 2010 by the County Clerks for each county in which a portion of the District is located, excluding railroad and utility property located within the District. For further details see **"FINANCIAL INFORMATION CONCERNING THE DISTRICT - Property Tax Information."**

(2) Estimated actual valuation is calculated by dividing different classes of property by the corresponding assessment ratio. For a detail of these different classes and ratios see **"FINANCIAL INFORMATION CONCERNING THE DISTRICT - Property Tax Information."**

(3) For further details see **"DEBT STRUCTURE OF THE DISTRICT – Overlapping Indebtedness."**

Current Long-Term General Obligation Indebtedness

The District has not issued and does not have outstanding any general obligation indebtedness.

Debt Service Requirements

The following schedule shows the yearly rental payment/principal and interest requirements for the outstanding annual appropriation leases of the District (net of certain federal interest subsidies), including the Facilities Basic Rent to be paid in connection with the Series 2011 Certificates being offered. It is anticipated that these amounts will be payable solely from funds of the District to be annually appropriated by the Board of Trustees of the District. The execution of an annual appropriation lease does not obligate the District to levy any form of taxation therefor or to make any appropriation for its payment in any year subsequent to a year in which the lease is in effect.

DEBT SERVICE SCHEDULE

Fiscal Year Ending June 30	Facilities Base Rent	Outstanding Leases	Total
2012	$ 88,027	$ 4,208,765	$ 4,296,792
2013	261,898	4,157,002	4,418,900
2014	261,898	4,176,473	4,438,371
2015	436,898	4,177,450	4,614,348
2016	437,523	4,153,541	4,591,064
2017	437,123	4,129,675	4,566,798
2018	436,110	4,158,537	4,594,647
2019	439,460	4,525,120	4,964,580
2020	436,960	6,650,773	7,087,733
2021	438,760	4,145,367	4,584,127
2022	435,160	4,116,602	4,551,762
2023	436,360	1,199,178	1,635,538
2024	436,930	1,200,205	1,637,135
2025	436,850	1,204,142	1,640,992
2026	436,100	1,735,926	2,172,026
2027	439,660	800,640	1,240,300
2028	437,285	802,352	1,239,637
2029	439,175	802,816	1,241,991
2030	435,075	802,032	1,237,107
2031	435,350	-	435,350
2032	439,750	-	439,750
2033	437,500	-	437,500
2034	439,500	-	439,500
2035	435,500	-	435,500
2036	435,750	-	435,750
TOTAL	**$10,230,599**	**$57,146,595**	**$67,377,195**

Other Obligations

The District has entered into a promissory note with Great Southern Bank in the amount of $2,000,000, the proceeds of which were used to acquire land and construct a surface parking lot immediately west of the District's main campus. The promissory note bears interest at a rate of 2.820%, matures on July 26, 2015 and is prepayable without penalty at any time. The District has pledged certificates of deposit in the amount of $2,000,000 as collateral for the promissory note.

The Missouri General Assembly has adopted legislation to provide tax-aided training for employees of industries which are new to or expanding their operations within the State of Missouri. Pursuant to such legislation, the District has issued Industrial New Jobs Training Certificates. The certificates are to be repaid by payroll tax withholdings related to the new jobs created and which are to be appropriated by the State of Missouri. A special fund is maintained in trust for the deposit of tax withholdings received from the state and to disburse amounts received for program costs and debt service. The certificates do not constitute indebtedness of the District. As of June 30, 2010, the outstanding Industrial New Jobs Training Certificates of the District for First USA, Springfield were $209,000, creating 250 new jobs. The outstanding Industrial New Jobs Training Certificates of the District for T-Mobile, Phase I, Springfield were $766,292, creating 393 new jobs. The outstanding Industrial New Jobs Training Certificates of the District for T-Mobile, Phase II, Springfield were $1,076,534, creating 320 new jobs. The outstanding Industrial Retained Jobs Training Certificates of the District for Tracker Marine, Springfield were $65,151, retaining 465 jobs. The outstanding Industrial Retained Jobs Training Certificates of the District for Scroll Compressors were $699,525, retaining 300 jobs.

Overlapping Indebtedness

The following table sets forth overlapping indebtedness of political subdivisions with boundaries overlapping the District as of the end of such political subdivision's most recently completed fiscal year, and the percent attributable (on the basis of assessed valuation) to the District:

OVERLAPPING INDEBTEDNESS

Taxing Jurisdiction	Outstanding General Obligation Indebtedness as of 12/31/09	Outstanding Lease Purchase Obligations as of 12/31/09	Percent Applicable to District	Amount Applicable to District
City of Ash Grove	$ -	$ 295,000.00	100%	$ 295,000.00
City of Battlefield	290,000.00	995,000.00	100%	1,285,000.00
City of Clever	-	-	100%	-
City of Fordland	-	-	100%	-
City of Fremont Hills	205,000.00	25,807.01	100%	230,807.01
City of Marshfield	3,275,000.00	131,317.00	100%	3,406,317
City of Nixa	3,350,000.00	6,983,050.00	100%	10,333,050.00
City of Ozark	1,922,036.70	4,395,739.46	100%	6,317,776.16
City of Republic	-	22,549,487.00	100%	22,549,487.00
City of Rogersville	1,360,000.00	50,000.00	100%	1,410,000.00
City of Springfield	255,476,466.00*		100%	255,476,466.00
City of Strafford	-	1,010,400.00	100%	1,010,400.00
City of Walnut Grove	-	-	100%	-
City of Willard	-	6,986,000.00	100%	6,986,000.00
Ash Grove R-IV	3,624,735.00	-	100%	3,624,735.00
Clever R-V	6,575,000.00	7,485,000.00	100%	14,060,000.00
Everton R-III	270,000.00	80,000.00	100%	350,000.00
Fordland R-III	1,465,000.00	398,143.25	100%	1,863,143.20
Logan/Rogersville R-VIII	34,140,000.00	306,392.48	100%	34,446,392.48
Marshfield R-I	16,920,000.00	755,000.00	100%	17,675,000.00
Nixa R-II	46,375,000.00	-	100%	46,375,000.00
Ozark R-VI	53,655,000.00	8,695,000.00	100%	62,350,000.00
Pleasant Hope R-VI	2,440,000.00	2,435,000.00	100%	4,875,000.00
Republic R-III	39,245,000.00	9,675,000.00	100%	48,920,000.00
Springfield R-12	184,458,852.00	12,330,000.00	100%	196,788,852.00
Strafford R-VI	7,350,000.00	327,391.06	100%	7,677,391.00
Walnut Grove R-V	-	555,000.00	100%	555,000.00
Willard R-II	56,135,000.00	-	100%	56,135,000.00
Greene County	-	6,750,000**	84.84%	5,726,700.00
Stone County	2,910,000.00	3,690,000.00	3.55%	234,300.00
Christian County	-	685,193	16.20%	111,001.26
Webster County	-	176,218.76	74.84%	131,882.11
Polk County	-	65,029.60	9.53%	6,197.32
Lawrence County	-	-	0.95%	-
Dallas County	-	-	0.26%	-
Dade County	-	46,530.57	11.92%	5,546.44
TOTALS	$721,442,089.70	$97,876,699.19		$811,211,443.98

*Includes both GO Debt and Lease Purchase Obligations; as of June 30, 2009.

** As of October 2010

Legal Debt Limit

Under Article VI, Section 26(b) of the Constitution of Missouri, the District may incur indebtedness for authorized school purposes not to exceed 15% of the valuation of taxable tangible property in the District according to the last completed assessment upon the approval of four-sevenths of the qualified voters in the District voting on the proposition at any municipal, primary or general election or two-thirds voter approval on any other election date. The current legal debt limit of the District (based on the District's 2010 assessed valuation) is $828,663,512.10.

FINANCIAL INFORMATION CONCERNING THE DISTRICT

Accounting, Budgeting and Auditing Procedures

The District operates on an accrual basis of accounting and has adopted the Uniform Accounting System for Higher Education, as developed by the Missouri Department of Higher Education. The system is based largely on material from the financial accounting and reporting section of the National Association of College and University Business Officers (NACUBO), and the revised program classification structure of the National Center for Higher Education Management System (NCHEMS). The system utilizes programs as developed by NACUBO, and where possible, retains subprogram detail data used by the Division of Budget and planning and the Missouri Department of Higher Education.

For financial reporting purposes, the District is considered a special purpose government engaged only in business-type activities. Accordingly, the District's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, which is similar to that often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. In accordance with GASB Statement, No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* the District has elected to apply all applicable FASB pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The District adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – Public Colleges and Universities,* during the year ended June 30, 2003. The adoption of these Statements is meant to present the information in a format more closely resembling that of the private sector and to provide the user more managerial analysis regarding the financial results and the District's financial outlook.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Operating revenues and expenses are distinguished from non-operating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are tuition and fees, federal grants and contracts, state and local grants and contracts and auxiliary service revenues. Operating expenses include the cost of instruction, the learning resource center, academic support, student services, institutional support, auxiliary services, scholarships and fellowships, plant expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Chancellor and the Vice Chancellor for Finance are responsible for handling all moneys of the District. Moneys may be disbursed only for the purpose for which they are levied, collected or received, and all checks must be signed by the Chancellor and the Vice Chancellor for Finance.

An annual budget of estimated receipts and disbursements for the coming fiscal year is prepared by the Chancellor and is presented to the Board of Trustees for approval prior to July 1. Missouri Statutes require the District to hold a public hearing and to adopt the ad valorem property tax rate by September 1 for entry in the tax books. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes and includes a separate Income Budget amount for estimated ad valorem tax to be levied. The rate of levy is based on $100 of assessed valuation, as submitted by each county within the District's boundaries.

The financial records of the District are audited annually by an independent certified public accountant in accordance with generally accepted auditing standards. The annual audit has been performed by the firm of Davis, Lynn & Moots, P.C., Certified Public Accountants, Springfield, Missouri.

Sources of Revenue

The District finances its operations through tuition and fees, the local property tax levy, state aid and federal programs. For the fiscal year ending June 30, 2011, the District estimates the portion of its revenue from various sources was as follows:

SOURCES OF REVENUE FOR FISCAL YEAR ENDING JUNE 30, 2011 (Unaudited)

Source	Amount	%
Tuition and Fees	$38,203,270	51.0%
Local Revenue:		
Property Taxes	$7,757,450	10.3%
State Revenue	$13,393,911	17.9%
Federal Revenue	$2,351,497	3.1%
Other Revenue	$13,273,196	17.7%
Total Revenue	**$74,979,324**	**100.0%**

Source: District

State Revenue

Each year the District submits a comprehensive budget request to the Missouri Department of Higher Education (MDHE). This annual request is reviewed and a budget recommendation for all community colleges in the state is made by MDHE. This recommendation is sent to the Missouri Governor's office for review and subsequent recommendation and then sent to the state General Assembly. The Governor's recommendation is taken up in the House and Senate Appropriations Committees for discussion and action then to a House/Senate Appropriations Conference Committee for further discussion and "final" resolution before submission to the full chambers of both houses for a binding vote.

The Missouri General Assembly has made general appropriations for higher education for the fiscal year ending June 30, 2011. The appropriations for the fiscal year ending June 30, 2011 were approximately 5.2% less than the appropriations for the fiscal year ending June 30, 2010, after adjusting for a one-time "Caring for Missourians" special appropriation of $519,531. This decrease is due to the continuing shortfalls in state revenues.

In addition to the general appropriation received by the District, the District also receives from the State funds for particular programs provided by the District, including vocational education.

The following table shows for the next fiscal year, current fiscal year, and the last nine fiscal years the amount of State general appropriation received by the District after holdback (a permanent withholding by the Governor of the State under Missouri law in order to assure a balanced State budget), the amount of State appropriations received for specific programs, the total amount of State funding, and the percentage change in appropriations from the prior year.

TOTAL STATE REVENUE, 2001-2011

Fiscal Year	Net General Appropriation	Additional State Revenue	Capital Projects (State Funded)	Total State Revenue	Changes from Previous Year
2010-11	$10,353,948	$2,333,365	$ 0	$12,687,313	-13%
2009-10	11,441,431	3,240,712	0	14,682,143	12%
2008-09	10,921,900	2,183,255	0	13,105,155	-7%
2007-08	10,621,017	1,552,285	2,000,000	14,173,302	25%
2006-07	9,484,266	1,787,565	0	11,271,831	1%
2005-06	9,082,910	2,057,705	0	11,140,615	-3%
2004-05	9,082,910	2,430,356	0	11,513,266	8%
2003-04	8,686,437	1,932,775	0	10,619,212	-3%
2002-03	8,868,236	2,080,100	0	10,948,336	-20%
2001-02	8,600,359	2,576,306	2,500,000	13,676,665	-5%
2000-01	10,207,951	3,124,932	1,080,000	14,412,883	-11%

The budgetary pressures experienced by the State in recent years due to overall declines in the economy and corresponding State tax revenues, coupled with increases in spending in other areas, have in certain years resulted in lower State appropriations for the District and many other governmental institutions and agents in the State than the preceding year. The relatively flat to declining level of State appropriations revenue, has adversely affected the District's ability to improve its facilities and expand and enhance its educational programs. State Appropriations have decreased 48% per student FTE; $2,211 in 2001 compared with $1,155 in 2010.

Student Tuition and Fees

The following table sets forth the tuition and fee income of the District for each of the following years:

TUITION AND FEE INCOME, 2003-2011

	Tuition			
Fiscal Year	In-State	Out-State	Fees	Total
2010-11	$27,846,554	$621,531	$9,735,185	$38,203,270
2009-10	25,871,571	666,528	6,570,696	$33,108,795
2008-09	23,211,362	547,910	5,258,030	29,017,302
2007-08	20,850,615	654,730	4,996,065	26,501,410
2006-07	18,760,602	523,520	3,628,513	22,912,635
2005-06	18,514,072	567,936	3,076,092	22,158,100
2004-05	16,978,362	503,390	2,704,699	20,186,451
2003-04	15,159,252	430,155	2,414,910	18,004,317
2002-03	12,343,617	255,696	2,139,922	14,739,235

The total District charges for tuition and fees for an in-district Missouri resident for the 2011-2012 school year for a regular semester of 15 credit hours will be $1,545 ($103 per credit hour). The following table shows the District's resident credit hour rate for tuition for the current year and for each of the last five years:

IN-DISTRICT CREDIT HOUR RATE, 2007-2011
TUITION AND FEES

Year	Credit Hour Rate
2011-12	$103.00
2010-11	98.00
2009-10	98.00
2008-09	98.00
2007-08	95.00
2006-07	90.00

Tuition and fee charges are established by the Trustees. The District anticipates that the fees charged students will increase approximately 5.0% to 15.0% in future years.

Comparable Tuition and Fees

The District surveyed competing institutions of higher education to determine the per credit hour charges for tuition and fees for Missouri residents for 2009-2010. The institutions surveyed and their charges for in-district students were as follows:

COMPETING INSTITUTIONS' TUITION AND FEES, 2009-10 SCHOOL YEAR

College	Per Credit Hour Tuition and Fee Charges
Ozarks Technical Community College	$98.00
Metropolitan Community College (Kansas City)	82.00
St. Louis Community College	83.00
State Fair Community College (Sedalia)	82.00
East Central Community College (Union)	71.00
North Central Community College (Trenton)	85.00
Three Rivers Community College (Poplar Bluff)	81.00
Mineral Area Community College (Flat River)	83.00
St. Charles Community College	80.00
Crowder College (Neosho)	80.00
Jefferson College (Jefferson County)	85.00
Moberly Community College	76.00

Property Tax Information

Assessment Procedure**:** All taxable real and personal property within the District is assessed annually by the County Assessor of each county into which the District's boundaries extend. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property 19%
Agricultural and horticultural real property 12%
Utility, industrial, commercial, railroad and all other real property............ 32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the state legislature adopted a maintenance law in 1986. On January 1 in every odd-numbered year, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 0.5%, livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation. The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the District (excluding state assessed railroad and utility property) according to the assessment numbers as of January 1, 2010.

2010 Assessed Valuation of All Property Situated in the District

Type of Property	Total Assessed Valuation[1]	Assessment Rate	Total Estimated Actual Valuation
Residential[2]	$3,167,387,723	19.00%	$16,670,461,700
Agricultural	34,905,210	12.00%	290,876,750
Commercial	1,365,211,266	32.00%	4,266,285,206
Total Real Property	$4,567,504,199		$21,227,623,656
Personal Property[3]	907,760,733	33.33%	2,881,816,637
Total Property	$5,528,013,684		$24,109,440,293

[1]Includes value of personal and real property within tax increment financing districts.
[2]Assumes all real property within Taney County is assessed as residential property; additional information regarding subclasses of real property is not available.
[3]Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See ***"Assessment Procedure"*** discussed above.

History of Property Valuations**:** The total assessed valuation of all taxable tangible property situated in the District, excluding railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

Historical Assessed Valuation, 2006-2010

Assessed Year	Assessed Valuation[1]	Percent Change
2010	$5,524,423,414	5.7%
2009	5,225,037,130	2.3%
2008	5,106,717,402	8.7%
2007	4,696,160,437	3.8%
2006	4,524,104,601	4.6%

[1] Excludes value of personal and real property within tax increment financing districts.

Tax Collection Procedure**:** Property taxes are levied and collected for the District by each County, for which the County receives a collection fee of 1.5% of the gross tax collections made.

The District is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. Such estimates are based on the assessed valuation figures provided by the County Clerks. The District must fix its ad valorem property tax rates and certify them to the County Clerks not later than September first for entry in the tax books.

Each County Clerk receives the county tax books from the respective County Assessor, which set forth the assessments of real and personal property. Each County Clerk enters the tax rates certified by the local taxing bodies in the tax books and assesses such rates against all taxable property in the District as shown in such books. Each County Clerk forwards the tax books by October 31 to the respective County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

Each County Collector is required to make disbursements of collected taxes to the District each month. Because of the tax collection procedure described above, the District receives the bulk of its moneys from local property taxes in the months of December, January and February.

Operating Levy. Upon its creation, the District was authorized to collect an operating levy of ten cents per 100 dollars of assessed valuation.

Pursuant to Missouri law, if the assessed valuation of property in the District has increased by 10% or more over the prior year's valuation by action other than a general reassessment, the estimated rates of levy must be reduced to the extent necessary to produce substantially the same amount of taxes as previously estimated for the current year. The 1995 assessed valuation of property in the District grew more than 10% and, as a result, the District's 10 cent tax levy was reduced to 9 cents for the fiscal year ending June 30, 1996, and remained at 9 cents for the fiscal years ending June 30, 1997 and June 30, 1998. For the fiscal year ending June 30, 1999, the District's levy reverted to 10 cents.

On November 3, 1998, the voters of the District passed a tax levy increase for the District's operating levy of 5 cents per 100 dollars of assessed valuation to be effective for 20 years beginning in the fiscal year ending June 30, 2000. The tax levy increase approved was for the purpose of acquiring, constructing, improving, furnishing, equipping, maintaining and operating the District's facilities, including making payments on lease purchase agreements. While the District currently intends to satisfy in part its obligations to make rental payments under the Lease with moneys received from the operating levy increase, such moneys are not required to be used for such purpose, and neither such tax levy nor any other District funds are pledged to the making of such rental payments or the payment of the Bonds.

Pursuant to state law and due to increases in the assessed valuation of property in the District's boundaries, the District's 15 cent tax levy was reduced to 14.58 cents for the fiscal year ending June 30, 2002 and remained at 14.58 cents through the fiscal year ending June 30, 2005. For fiscal years ending June 30, 2006 and 2007, the District's levy was further reduced to 14.06 cents. In fiscal year 2008, the District's levy was increased to 14.12 cents, but was subsequently reduced to 13.98 cents in fiscal year 2009. The District's tax levy for fiscal years 2010 and 2011 has been reduced to 13.96 cents.

Tax Collection *Record.* The following table sets forth tax collection information for the District for the five years indicated.

TAX COLLECTION RECORD, 2005-2010

Fiscal Year Ended June 30	Total Levy	Total Taxes Levied	Current & Delinquent Taxes Collected* Amount	%
2010	$0.15	$7,294,152	$7,368,681	101.02%
2009	0.15	7,139,191	7,181,378	100.59%
2008	0.15	6,983,663	7,003,640	100.29%
2007	0.15	6,472,209	6,523,128	100.79%
2006	0.15	6,144,551	6,108,422	99.41%
2005	0.15	5,671,505	5,731,475	101.06%

* Accounting for the 1.5% collection fee.

Major Property Taxpayers

The following table sets forth the taxpayers owning property with the greatest amount of assessed valuation within the City of Springfield, based on the valuation of property owned as of January 1, 2010, with taxes on such property due by December 31, 2010.

Owner	Type of Use	Assessed Valuation	Percentage of Total Assessed Valuation
St. John's Regional Health Center*	Health Care	$22,699,550	0.91%
Hermel, Inc.	Shopping Mall	13,322,480	0.53%
Lester E. Cox Medical Centers LLC	Health Care	12,212,390	0.49%
Jones, Jerrod W., et al	Real Estate Development	10,606,760	0.43%
Kimco Springfield	Blanking Development	9,881,190	0.40%
Ferrell-Duncan Real Est Co LLC	Real Estate	9,031,260	0.36%
Bass Pro, Inc.	Sporting Goods	7,212,260	0.29%
Grizzly Ind., Inc.	Specialty Hardware	5,569, 210	0.22%
Fort XIV LLC et al	Credit Card Call Center	5,124,260	0.21%
Lowes Home Center	Building Supplies	4,950,870	0.20%
Total		$100,610,230	4.04%

** Properties owned by nonprofit corporation but subject to property taxation.*
Source: Greene County Assessor's Office

Summary of Receipts, Expenditures and General Fund Balances

The following summary statement of cash receipts, disbursements and changes in general fund balances of the District has been obtained from the District's annual audit reports prepared by Davis, Lynn & Moots, C.P.A.'s. The audited financial statements of the District for the fiscal year ended June 30, 2010, and the report of said Certified Public Accountants with respect thereto are included in **Appendix D** of this Official Statement. The audited financial statements for earlier years with reports by the certified public accountants are available for examination in the District's office. The statement set forth below should be read in conjunction with the other financial statements and notes appertaining hereto set forth in **Appendix D** of this Official Statement and the financial statements on file at the District's office.

SUMMARY STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES*

	Years Ending June 30				
	2006	**2007**	**2008**	**2009**	**2010**
Beginning Fund Balance	$25,799,708	$25,495,540	$23,095,872	$24,957,357	21,724,689
Revenues	$42,728,357	$45,180,981	$55,862,187	$57,073,375	69,920,252
Expenditures	$43,032,525	$47,580,649	$54,000,702	$60,306,043	68,901,108
Net Transfers	$0	$0	$0	$0	0
Prior Period Adjustment	$0	$0	$0	$0	(756,943)
Ending Fund Balance	$25,495,540	$23,095,872	$24,957,357	$21,724,689	$21,986,890

*See Notes to Financial Statements contained in **Appendix D** for a Summary of Significant Accounting Policies followed by the District.

Financial Aid Programs

The District's financial aid program is designed to assist students in their pursuit of a higher education. The District is working to ensure that students of ability and desire have financial access to a higher education. Several major categories of student aid are available including, but not limited to, federal grants, federal loan programs, federal college work study, state grants and scholarships. The District awarded approximately $76.8 million in financial aid during the fiscal year ending June 30, 2011, with approximately 65% of the District's students receiving some type of financial aid.

Risk Management

The District maintains coverage including property, liability, automobile, crime, errors and omissions, boiler and machinery, worker's compensation and treasurer's bond through private insurance companies.

Employee Retirement and Pension Plans

The District contributed to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certified employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System are not covered by Social Security. PSRS benefit provisions are set forth in Sections 169.010 through 169.141 of the Revised Statutes of Missouri. The statutes assign responsibility for the administration of the system to a seven-member Board of trustees.

PSRS members are required to contribute 14.0% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ending June 30, 2011 were $5,798,084, equal to the required contributions.

The District also contributes to the Public Education Employees Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the District who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by PEERS are also covered by Social Security. Benefit provisions are set forth in Sections 169.600 through 169.715 of the Revised Statutes of Missouri. The statutes assign responsibility for the administration of the system to the Board of trustees of the Public School Retirement System. PEERS members are required to contribute 6.63% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions for the year ending June 30, 2011 were $886,192, equal to the required contributions.

There are no unfunded pension plans covering District employees.

APPENDIX D

FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2010

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OZARKS TECHNICAL COMMUNITY COLLEGE

SPRINGFIELD, MISSOURI

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2010

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TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT 3

MANAGEMENT'S DISCUSSION AND ANALYSIS 6

FINANCIAL STATEMENTS

Combined Statement of Net Assets 13

Combined Statement of Revenues, Expenses and Changes in Net Assets 14

Combined Statement of Cash Flows 15

Notes to Financial Statements 16

OTHER FINANCIAL INFORMATION

Combining Statement of Net Assets 36

Combining Statement of Revenues, Expenses and Changes in Net Assets 37

Combining Statement of Cash Flows 38

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 40

Independent Auditors' Report on Compliance with Requirements that Could have a Direct and Material Effect on each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 42

Schedule of Expenditures of Federal Awards 44

Notes to Schedule of Expenditures of Federal Awards 46

Summary Schedule of Findings and Questioned Costs 47

Schedule of Prior Audit Findings 48

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ozarks Technical Community College
Springfield, Missouri

We have audited the accompanying financial statements of the business-type activities of Ozarks Technical Community College, as of and for the year ended June 30, 2010, which collectively comprise the College's financial statements as listed in the table of contents. These financial statements are the responsibility of Ozarks Technical Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Ozarks Technical Community College as of June 30, 2010, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Board of Trustees
Ozarks Technical Community College
Springfield, Missouri

The accompanying Management's Discussion and Analysis on pages 6 through 12 are not a required part of the basic financial statements but are required supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. 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 taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ozarks Technical Community College's financial statements. The data contained under Other Financial Information, pages 36 through 48, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 taken as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
October 15, 2010, except for Note Q, as to which the date is November 8, 2010

MANAGEMENT’S DISCUSSION AND ANALYSIS

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OZARKS TECHNICAL COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2010

Using the Annual Report

Management's discussion and analysis is an overview of the financial position and activities of Ozarks Technical Community College. It should be read in conjunction with the basic financial statements and notes that follow.

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) *Statement No. 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.* GASB statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a combined basis to focus on the College as a whole.

Overview of the Basic Financial Statements and Financial Analysis

Ozarks Technical Community College presents its basic financial statements for the fiscal year ended June 30, 2010. The basic financial statements are designed to provide readers with a broad overview of finances and operations of the College. The College reports its activity as a business-type activity using the full accrual basis of accounting. The emphasis of discussions about the basic financial statements will be on current year data. The annual financial report of the College includes the following three financial statements presented with notes to the financial statements: the *Combined Statement of Net Assets;* the *Combined Statement of Revenues, Expenses and Changes in Net Assets;* and the *Combined Statement of Cash Flows.*

Combined Statement of Net Assets

The Combined Statement of Net Assets presents information on all of the College's assets and liabilities, with the difference between assets and liabilities being reported as Net Assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the College is improving or deteriorating.

The purpose of the Combined Statement of Net Assets is to present to the readers of the financial statements a fiscal "snapshot" of the College. The Combined Statement of Net Assets presents end-of-year data concerning Assets (current and non-current), Liabilities (current and non-current) and Net Assets (assets minus liabilities).

The Combined Statement of Net Assets reports the assets available to continue the operations of the College. Readers of the Combined Statement of Net Assets are able to determine the amount of liabilities owed to vendors and lending institutions. The Net Assets section of the Statement presents the net assets (assets minus liabilities) and their availability for expenditure by the College.

The College's total assets at June 30, 2010, were $110,134,660, an increase of 6%, as reported in the asset section of the Combined Statement of Net Assets. Total assets are comprised of current assets in the amount of $37,838,726 and non-current assets of $72,295,934. Current assets are cash and other assets expected to be converted into cash or consumed in the subsequent fiscal year. Non-current (capital) assets consist primarily of property and equipment, net of related depreciation.

This increase in total assets occurred in both current and non-current categories. In the fall of 2009, the College made the decision to bring the bookstore operation in-house, resulting in new revenue and inventory assets of $2.5 million. Capital assets grew by $3,692,381, due to a $2.6 million gift of buildings and land located in Laclede County, Missouri, plus the purchase of 18 property parcels held for future building needs at the Springfield campus.

The liability section reports total liabilities of the College at June 30, 2010, of $49,694,850. Current liabilities are obligations of the College that reasonably expect to be liquidated within the next twelve months. The College's current liabilities in the amount of $14,730,546 consisted of accounts payable and accrued liabilities, student deposits and credits (deferred tuition revenue), and the current portion of bonds payable.

Non-current liabilities are long-term obligations of the College that are payable at some date beyond the following fiscal year. Non-current liabilities of $34,964,304 are comprised of College's postemployment health care plan liability (OPEB), the cumulative accrued value of college employees' vacation/sick leave plans and the long-term portion of bonds payable at June 30, 2010.

Total liabilities increased overall by 0.8%, reflecting an increase in current and a decrease in non-current liabilities. Current liabilities increased primarily due to increases in deferred revenues and the current portion of bonds payable. The increase in deferred revenues is reflective of the growth in student enrollment for the Fall 2010 semester at June 30. Non-current liabilities decreased as a result of the annual bond principal payments.

		2010	2009
Current and other assets		$ 40.0	$ 35.3
Capital assets		70.1	68.6
	Total Assets	$ 110.1	$ 103.9
Long-term debt outstanding		$ 35.0	$ 35.6
Other liabilities		14.7	13.7
	Total Liabilities	$ 49.7	$ 49.3
Net assets:			
Investment in capital assets, net of debt		$ 34.4	$ 28.9
Restricted		6.0	5.5
Unrestricted		20.0	20.2
	Total Net Assets	$ 60.4	$ 54.6

In the net asset section of the Combined Statement of Net Assets, there are three main categories of net assets. The first category is, "Investment in Capital Assets, net of debt," which provides the College's/Public Building Corporation's equity in property, plant and equipment. The second category is "Restricted Net Assets," which consists of expendable resources that are available for expenditure by the College, but must be spent for purposes as determined by donor(s) and/or external entities that have placed purpose and/or time restrictions on the use of the assets. The third category is "Unrestricted Net Assets," that are available to be used by the College for any lawful purpose.

The total amount invested in capital assets, net of debt, increased for the fiscal year by 20% to $34,483,518. This increase in the total amount of property and equipment was primarily due to the acquisition of 18 property parcels located in Springfield, Missouri, adjacent to the main campus and a $2.6 million gift by Rueben and Mary Lou Casey of buildings and land located in Laclede County, Missouri, near the Lebanon Education Center.

The restricted net assets of the College ($5,980,165) are comprised of the OTC Foundation Restricted Assets in the amount of $1,515,534 and the Bond Reserve Funds. The Bond Reserve Funds, in the amount of $4,464,631, are held by the Bond Trustee for the purpose of paying principal and interest on outstanding bond issues, in the event of a deficiency by the College.

The unrestricted net assets of the College (33%) comprise the College's Reserve Fund. The breakdown in anticipated use of the Reserve follows:

Operating Reserve (operating capital) (2.6 months operating reserve)	$ 14,978,430
Obligated to FY10-11 Operating Fund Balance	2,000,000
Parking Lot 'O' Construction and Property Purchase	1,500,000
OTC Foundation - Unrestricted Net Assets	250,000
OTC Building Corporation - Unrestricted Net Assets	1,247,697
Total Unrestricted Net Assets	$ 19,976,127

Combined Statement of Revenues, Expenses & Changes in Net Assets

Changes in total net assets, as reported on the Combined Statement of Net Assets, is based on the activity presented on the Combined Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of this statement is to report the operating and non-operating revenues received by the College, and the operating and non-operating expenses paid by the College, along with any other revenues, expenses, and gains/losses received or spent by the College.

In general, operating revenues are received in return for providing goods and services to customers and constituents of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in exchange for operating revenues, and to carry out the mission and operations of the College. Operating revenues and expenses are considered to be exchange transactions.

Non-operating revenues are revenues received for which goods and services are not provided in return for the revenues. State appropriation funds provided by the Missouri State Legislature to the College are reported as non-operating revenue because the Legislature does not receive commensurate goods or services for these revenues. Local property tax revenues and investment income received are also reported as non-operating revenues since goods and services are not provided in exchange for the revenues. Non-operating revenues and expenses are considered to be non-exchange transactions.

Some of the highlights of the information presented on the Condensed Combined Statement of Revenues, Expenses and Changes in Net Assets are as follows:

- Total tuition and fee revenues increased for the fiscal year to $33,981,259 compared to $29,017,302 in the previous fiscal year. This is a reflection of a 15.9% increase in enrollment from 11,116 student headcount in 2008-2009 to 12,884 student headcount in 2009-2010. (Tuition and fee revenue of $17,042,644 is reported net of scholarship discounts and allowances in the amount of $16,938,615).

- Instruction comprises the single largest allocation (46%) of operating expenses at $31,439,239 during the current fiscal year.

- State appropriations of general revenue received during the fiscal year showed a 4.8% increase in funding of $11,441,431 in fiscal year 2010, compared with $10,921,900 in fiscal year 2009. This increase was due to a one-time "Caring for Missourians" special appropriation of $519,531.

- Total local property tax revenue reported in the fiscal year was $7,368,681. This represents a 2.6% increase from fiscal year 2009.

The following is a condensed summary of the change in net assets, with prior year comparable data:

Condensed Combined Statement of Revenues, Expenses & Changes in Net Assets
For the Years Ended June 30, 2010 and 2009

	2010	2009
Total Operating Revenues	$ 53,880,345	$ 42,620,462
Total Operating Expenses	68,239,042	59,253,201
Total Operating Loss	(14,358,697)	(16,632,739)
Total Non-Operating Revenue, Net	20,960,545	19,017,696
Net Increase in Net Assets	6,601,848	2,384,957
Net Assets - Beginning of Year, as restated	53,837,962	52,209,948
Net Assets - End of Year	$ 60,439,810	$ 54,594,905

The following is a summary of the total operating expenses of the College by functional classification:

Operating Expenses by Functional Classification (in millions)	2010	2009
Instruction	$ 31.4	$ 28.4
Learning Resource Center	0.7	0.7
Academic support	6.8	6.7
Student services	3.0	3.0
Institutional support	6.0	5.9
Auxiliary services	6.5	4.5
Scholarships and fellowships	7.5	4.0
Depreciation	3.4	3.1
Plant operating expenses	2.9	3.0
TOTAL	$ 68.2	$ 59.3

Operating Expenses by Natural Classification (in millions)	2010	2009
Salaries	$ 32.3	$ 29.8
Fringe benefits	7.7	7.1
Supplies and services	16.2	14.2
Scholarships and fellowships	7.5	4.0
Utilities	1.1	1.1
Depreciation	3.4	3.1
TOTAL	$ 68.2	$ 59.3

Combined Statement of Cash Flows

The final statement presented by the College is the Combined Statement of Cash Flows. The Combined Statement of Cash Flows is prepared using the direct method and presents detailed information about the cash activity of the College during the year. The statement shows the major sources and uses of cash. A summary of the cash flows for fiscal year 2010, with comparable data from 2009, is as follows:

Operating Activities	$ (15,346,735)	$ (13,463,005)
Non-Capital Financing Activities	22,136,192	18,690,017
Capital Financing Activities	(10,786,037)	(8,786,854)
Investing Activities	11,571,077	4,063,210
Net Change in Cash	7,574,497	503,368
Cash - Beginning of Year	3,248,365	2,744,997
Cash - End of Year	$ 10,822,862	$ 3,248,365

Factors Impacting Future Periods

The continued growth of the College is closely related to the economic development of the area and the demand for educated employees in the local workforce. While these factors have slowed, a steady demand continues. Student population increases in local public school systems, with increases in eligible A+ program participants also attribute to the College's growth. Therefore, there is every reason to believe the potential exists for continued growth and expansion of the College in the foreseeable future.

However, state and local funding directly impact the College's ability for growth. State of Missouri revenue projections remain flat. The College anticipates a potential cut in state revenues over the next few years. However, local property tax funding remains stable and student enrollment continues to grow.

Economic Outlook

The College is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variables having a global impact on virtually all types of business operations.

The College's overall financial position is strong. During the past fiscal year, the College was able to generate an increase in Net Assets. College management will continue to maintain a close watch over resources and expenditures in order to maintain the ability to manage unknown internal and external issues and needs as they arise.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, students and investors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional information, contact Marla Moody, Vice President of Finance, Ozarks Technical Community College, 1001 E Chestnut Expressway, Springfield, MO.

OZARKS TECHNICAL COMMUNITY COLLEGE
COMBINED STATEMENT OF NET ASSETS
June 30, 2010

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 10,822,862
Short-term investments	10,730,691
Accounts receivable, net	12,723,685
Property taxes receivable, net	28,086
Prepaid expenses	1,699,529
Inventory	1,833,873
TOTAL CURRENT ASSETS	37,838,726
NONCURRENT ASSETS	
Land	9,865,792
Depreciable assets, net	60,247,727
Bond issue costs, net	2,182,415
TOTAL NONCURRENT ASSETS	72,295,934
TOTAL ASSETS	$ 110,134,660
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 1,467,373
Accrued and other liabilities	2,072,188
Deferred revenues	9,230,985
Current maturities of bonds payable	1,960,000
TOTAL CURRENT LIABILITIES	14,730,546
NONCURRENT LIABILITIES	
Post-employment benefit liability	440,000
Compensated absences payable	854,304
Bonds payable	33,670,000
TOTAL NONCURRENT LIABILITIES	34,964,304
TOTAL LIABILITIES	49,694,850
NET ASSETS	
Invested in property and equipment net of related debt	34,483,518
Restricted	5,980,165
Unrestricted	19,976,127
TOTAL NET ASSETS	60,439,810
TOTAL LIABILITIES AND NET ASSETS	$ 110,134,660

See accompanying notes.

OZARKS TECHNICAL COMMUNITY COLLEGE
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2010

OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $16,938,615)		$ 17,042,644
Federal grants and contracts		26,104,650
State and local grants and contracts		2,396,870
Auxiliary services revenues		7,653,813
Other operating revenues		682,368
	TOTAL OPERATING REVENUES	53,880,345
OPERATING EXPENSES		
Instruction		31,439,239
Learning Resource Center		728,767
Academic support		6,825,279
Student services		2,968,228
Institutional support		5,971,390
Auxiliary services		6,551,678
Scholarships and fellowships		7,480,119
Depreciation		3,418,928
Plant operating expenses		2,855,414
	TOTAL OPERATING EXPENSES	68,239,042
	OPERATING (LOSS)	(14,358,697)
NONOPERATING REVENUES (EXPENSES)		
State appropriations		11,441,431
County property tax revenue		7,368,681
Gifts and donations		3,590,708
Investment income		367,573
Loss on asset disposal		(18,518)
Unrealized gain (loss) on investments		(41,724)
Interest on debt related to property and equipment		(1,747,606)
	TOTAL NONOPERATING REVENUES (EXPENSES)	20,960,545
INCREASE IN NET ASSETS		6,601,848
NET ASSETS, Beginning of year, as restated		53,837,962
NET ASSETS, End of year		$ 60,439,810

See accompanying notes.

OZARKS TECHNICAL COMMUNITY COLLEGE
COMBINED STATEMENT OF CASH FLOWS
Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 15,635,386
Payments to suppliers	(19,626,837)
Payments for utilities	(1,077,484)
Payments for employees	(31,948,547)
Payments for benefits	(7,685,646)
Payments for financial aid and scholarships	(7,481,308)
Auxiliary enterprises charges, bookstore and vending	7,653,813
Contracts and grants	28,501,520
Other receipts, net	682,368
NET CASH USED BY OPERATING ACTIVITIES	(15,346,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State aid and grants appropriations	11,441,431
County property tax revenue	7,344,285
Donations	3,350,476
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	22,136,192
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(7,203,979)
Principal paid on debt related to property and equpipment	(1,875,000)
Interest paid on debt related to property and equipment	(1,707,058)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(10,786,037)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	28,526,234
Interest on investments	367,573
Purchase of investments	(17,322,730)
NET CASH PROVIDED BY INVESTING ACTIVITIES	11,571,077
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,574,497
CASH AND CASH EQUIVALENTS, Beginning of Year	3,248,365
NET CASH AND CASH EQUIVALENTS, End of Year	$ 10,822,862
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTVITIES	
Operating loss	$ (14,358,697)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation	3,418,928
Changes in assets and liabilities:	
Receivables, net	(2,783,047)
Prepaid expenditures	(1,535,503)
Other current assets	(1,591,660)
Accounts payable	(274,959)
Accrued and other liabilities	85,053
Deferred revenues	1,375,789
Compensated absences payable	97,361
Post-employment benefit liability	220,000
NET CASH USED BY OPERATING ACTIVITIES	$ (15,346,735)

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ozarks Technical Community College was created on April 20, 1990, as the Junior College District of Central Southwest Missouri and operates under an elected Board of Trustees form of government. The Junior College District is comprised of all or a part of the following counties: Greene, Lawrence, Christian, Stone, Webster, Polk, Dallas and Dade.

The accounting methods and procedures adopted by the College conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the basic financial statements are an integral part of the College's Basic financial Statements.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The College is a primary government, which is governed by an elected six-member board. As required by accounting principles generally accepted in the United States of America, the College has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component units discussed below are included in the College's reporting entity because of the significance of its operational or financial relationships with the College.

Component Units

Blended Component Units

The OTC Public Building Corporation is governed by a five-member board appointed by the College. Although it is legally separate from the College, the OTC Public Building Corporation is reported as if it were part of the primary government because its sole purpose is for the planning, development, acquisition, construction, reconstruction, improvement, extension, repair, remodeling, renovation and financing of sites, buildings, structures, facilities, furnishings and equipment for the benefit or use of the College.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Although legally separate from the College, the Ozarks Technical Community College Foundation is reported as if it were part of the primary government because its sole purpose is to raise monies for scholarships and the benefit of the College.

Basis of Accounting

For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities. Accordingly, the College's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, which is similar to that often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. In accordance with GASB Statement, No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the College has elected to apply all applicable FASB pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

Measurement Focus and Basis of Accounting

The College adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities*, during the year ended June 30, 2003. The adoption of these Statements is meant to present the information in a format more closely resembling that of the private sector and to provide the user more managerial analysis regarding the financial results and the College's financial outlook.

The basic financial statements are presented using the current financial resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating revenues and expenses are distinguished from non-operating items. Operating revenues generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues of the College are tuition and fees, federal grants and contracts, state and local grants and contracts and auxiliary service revenues. Operating expenses include the cost of instruction, the learning resource center, academic support, student services, institutional support, auxiliary services, scholarships and fellowships, plant expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the business-type activities. Capital assets are defined by the College as assets with an initial, individual cost of more than $5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed less interest income earned on debt proceeds.

Buildings, improvements, infrastructure and equipment assets are depreciated using the modified half-month depreciation method, (straight line depreciation with a half month depreciation if placed in service before the middle of the month, otherwise no depreciation until the next full month) over the following estimated useful lives:

Assets	Years
Building	40
Land improvements	20-25
Equipment	5-7
Vehicles	6

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Vacation time, personal business days, and sick leave are recorded as expenses and liabilities in the fiscal year earned.

Pooled Cash and Temporary Investments

The College follows the practice of pooling cash and investments of all funds, except for the component units, the OTC Public Building Corporation and the Ozarks Technical Community College Foundation. Various restrictions on deposits and investments are imposed by statutes. Investments of the pooled accounts consist of certificates of deposit, carried at cost, which approximates market.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Deferred Revenues

This is future revenue received primarily from early enrollments for the fall 2010 semester. This revenue will be recognized as income when earned at the beginning of the 2010-2011 fiscal year. At June 30, 2010, deferred revenues consisted of deferred tuition of $9,230,731 and gift certificates of $254 for a total of $9,230,985.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduce by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling action adopted by the College or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COBRA Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium, plus a 2% administration charge, is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program.

NOTE B – CASH DEPOSITS AND INVESTMENTS

The College maintains a conservative investment program. All cash is maintained in demand deposits or certificates of deposit. By Board policy, the College may invest in Certificates of Deposit, U.S. Treasury Bills, and other obligations of the U.S. Government, U.S. Government Agency, or a corporation guaranteed by the full faith and credit of the U.S. Government.

Interest Rate Risk and Credit Risk

State law permits public colleges to invest in obligations of the State of Missouri or U.S. Government and obligations of government agencies. The credit risk of the College's investments are limited as the College's investment policy limits investments and maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial rate risk is the risk that, in the event of failure of the counter party, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes and Board policy require that the College's deposits with financial institutions must be 110% collateralized in the name of the College by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2010, all bank balances on deposit were fully insured or collateralized with appropriate securities. At June 30, 2010, the bank balances of the College's deposits totaled $18,453,483. Of this amount, $3,278,361 was covered by FDIC Insurance and $15,175,122 was supported by collateral, held by banks in the College's name that do not hold the collateralized deposit.

Investments of the College, consisting of timed certificates of deposit, totaled $5,028,361 as of June 30, 2010, and are included in the insured deposits noted above.

NOTE B – CASH DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The College places no limit on the amount the College may invest in any one issuer. More than 5% of the College's total investments are in the following issuers as of June 30, 2010:

- Great Southern Bank - $2,528,361
- Bank of New York - $4,464,631
- Guaranty Bank - $9,959,051
- Empire Bank - $2,500,000

Restricted investments of the OTC Public Building Corporation as of June 30, 2010, consist of $4,464,631 held in trust by the Trustee for the OTC Public Building Corporation Building Bond issues and are maintained in US Government backed securities.

Cash and investments of the Ozarks Technical Community College Foundation as of June 30, 2010, are $1,529,447. Of this balance, $301,332 is maintained in demand deposit accounts and secured by $250,000 in FDIC insurance.

As of June 30, 2010, the College's Foundation had the following:

Investments	Fair Value
Community Foundation of the Ozarks - Mutual Funds	$ 1,237,699

Custodial risk is the risk that, in event of a failure, the Foundation's deposits might not be recovered. As of June 30, 2010, $1,289,032 of the Foundation's total deposits of $1,529,447 is exposed to custodial risk.

Interest Rate Risk - Foundation

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Foundation

The Foundation has no investment policy that would limit its investment choices. The Foundation's investment objectives would be conservative to moderate with a return objective of current income and capital appreciation.

NOTE B – CASH DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk – Foundation

The Foundation places no limit on the amount the Foundation may invest in any one issuer. 100% of the Foundation's investments are in mutual funds that meet the Foundation's investment and return objectives.

NOTE C – TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties collect the property tax and remit it to the College.

The assessed valuation of the tangible taxable property for the calendar year 2009 for purposes of local taxation was:

Real Estate	$ 4,285,633,840
Personal property	942,910,612
State assessed railroad and utility	88,214,094
TOTAL ASSESSED VALUATION	$ 5,316,758,546

The tax levy per $100 of the assessed valuation of tangible taxable property for the calendar year 2009 for purposes of local taxation was:

General Fund	$ .1396

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 5 percent of the assessed valuation of the district. The legal debt margin of the College at June 30, 2010, was:

Constitutional debt limit	$ 265,837,927
General obligation bonds payable	-
Funds available and restricted for debt service	-
	$ 265,837,927

NOTE D – RETIREMENT PLAN

The Ozarks Technical Community College contributed to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010 - .141 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven-member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PSRS members are required to contribute 13.5% of their annual covered salary and the Ozarks Technical Community College is required to contribute a matching amount. The contribution requirements of members and the Ozarks Technical Community College are established and may be amended by the PSRS Board of Trustees. The Ozarks Technical Community College's contributions to PSRS for the years ending June 30, 2010, 2009, and 2008, were $5,535,599, $5,176,940, and $4,409,198, respectively, equal to the required contributions.

The Ozarks Technical Community College also contributes to the Public Education Employees Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the district who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employee Retirement System are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600 - .715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of the Public School Retirement System. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Education Employees Retirement System of Missouri, P. O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.5% of their annual covered salary and the Ozarks Technical Community College is required to contribute a matching amount. The contribution requirements of members and the Ozarks Technical Community College are established and may be amended by the Board of Trustees. The Ozarks Technical Community College's contributions to PEERS for the years ending June 30, 2010, 2009, and 2008, were $871,888, $783,289, and $684,241, respectively, equal to the required contributions.

NOTE E – ACCOUNTS RECEIVABLE

Property taxes receivable:

Property taxes receivable are presented net of allowances for uncollectible accounts. As of June 30, 2010, these amounts were as follows:

	College
Taxes Receivable	$ 58,086
Allowance	(30,000)
Net Taxes Receivable	$ 28,086

Accounts receivable:

Student and other accounts receivable are presented net of allowances for uncollectible accounts and discount on pledges receivable. As of June 30, 2010, these amounts were as follows:

	College	Building Corporation	Foundation	Total
Accounts Receivable	$ 14,858,453	$ -	$ 283,900	$ 15,142,353
Allowance	(2,375,000)	-	(14,195)	(2,389,195)
Discount on Pledges Receivable	-	-	(29,473)	(29,473)
Net Accounts Receivable	$ 12,483,453	$ -	$ 240,232	$ 12,723,685

NOTE F – CLAIMS AND ADJUSTMENTS

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the college may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of expenditures have not been audited by grantor governments, but the College believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the College.

NOTE G – LEASEHOLD REVENUE BONDS

Leasehold revenue bonds of the OTC Public Building Corporation, payable from lease proceeds from the College, consist of the following at June 30, 2010:

$24,000,000, Series 2001, Leasehold Refunding and Improvement Revenue Bonds (Ozarks Technical Community College Project). Due in semi-annual installments of $1,559,925 on March 1, 2002, to $5,406,875 on March 1,2022; interest at 4.00% to 5.00%.	$ 18,475,000
$5,770,000, Series 2005, Leasehold Revenue Bonds (Ozarks Technical Community College Project). Due in semi-annual installments of $73,839 on September 1, 2005, to $914,019 on March 1, 2026; interest at 3.00% to 3.60%.	4,845,000
$14,425,000, Series 2007, Leasehold Refunding Revenue Bonds (Ozarks Technical Community College Project). Due in semi-annual installments of $153,369 on September 1, 2007, to $2,444,625 on March 1, 2019; interest at 4.00% to 5.00%.	12,310,000
	$ 35,630,000

Changes in Leasehold Revenue Bonds

Outstanding Balance, July 1, 2009	$ 37,505,000
Additions	-
Retirements	(1,875,000)
Outstanding Balance, June 30, 2010	$ 35,630,000

Debt Service Requirements

The amount available in the OTC Public Building Corporation to service the Leasehold Revenue Bonds is $4,464,631. The debt service requirements are as follows:

NOTE G – LEASEHOLD REVENUE BONDS (continued)

Year Ended June 30,	Principal	Interest	Total
2011	$ 1,960,000	$ 1,632,277	$ 3,592,277
2012	2,035,000	1,553,252	3,588,252
2013	2,135,000	1,469,552	3,604,552
2014	2,200,000	1,380,852	3,580,852
2015	2,325,000	1,280,082	3,605,082
2016-2020	14,430,000	4,719,203	19,149,203
2021-2025	9,650,000	1,065,288	10,715,288
2026	895,000	38,038	933,038
	$ 35,630,000	$ 13,138,544	$ 48,768,544

NOTE H – DEFEASED BONDS

On August 15, 2001, the OTC Public Building Corporation issued $24,000,000 in Leasehold Refunding and Improvement Revenue Bonds with an average interest rate of 4.89%. $13,490,000 of the proceeds were used to advance refund $7,680,000 of the outstanding 1995 Leasehold Revenue Bonds with an average interest rate of 5.57% and $4,660,000 of the outstanding 1996 Leasehold Revenue Bonds with an average interest rate of 5.66% and the remaining $10,510,000 for the purpose of constructing, furnishing and equipping the District's building and facilities.

The net refunding proceeds of $12,951,791 (after payment of underwriting fees, insurance and other issuance costs) plus an additional $880,000 of 1995 Series sinking fund monies and $526,000 of 1996 Series sinking fund monies were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 Series and 1996 Series bonds. As a result, the 1995 Series and the 1996 Series bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt of the College.

As of June 30, 2010, $7,040,000 is the outstanding balance of the defeased bonds from the 2001 issue.

On April 1, 2003, the OTC Public Building Corporation used the proceeds from the sale of real estate to establish an irrevocable trust with an escrow agent to provide for the payment of principal on $180,000 of the Series 1998 bonds maturing March 1, 2018. As a result, $180,000 of the Series 1998 bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt of the College.

NOTE H – DEFEASED BONDS (continued)

As of June 30, 2010, $180,000 is the outstanding balance of the defeased bonds from the sale of real estate.

On June 1, 2007, the OTC Public Building Corporation issued $14,425,000 in Leasehold Refunding Revenue Bonds with an average interest rate of 4.25%. $14,487,182 of the proceeds were used to advance refund $4,595,000 of the outstanding 1998 Leasehold Revenue Bonds with an average interest rate of 4.98% and $9,850,000 of the outstanding 1999 Leasehold Revenue Bonds with an average interest rate of 4.84% and the remaining $86,257 for the purpose of paying the interest and fees on a portion of the 2007 Leasehold Refunding Revenue Bonds.

The net refunding proceeds of $14,573,439 (after payment of underwriting fees, insurance and other issuance costs) plus an additional $950,716 of 1998 Series sinking fund monies and $1,586,118 of 1999 Series sinking fund monies were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Series bonds beginning on March 1, 2009, and on the 1999 Series bonds beginning on March 1, 2010. As a result, $4,595,000 of the 1998 Series and $9,850,000 of the 1999 Series bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt of the College.

As of June 30, 2010, $13,120,000 is the outstanding balance of the defeased bonds from the 2007 issue.

NOTE I – PROPERTY AND EQUIPMENT

The College's property and equipment consists of the following categories as of June 30, 2010:

	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 9,105,792	$ 760,000	$ -	$ 9,865,792
Construction in progress	3,089,693	-	(3,089,693)	-
Buildings and improvements	64,231,067	7,951,367	(13,546)	72,168,888
Equipment	12,130,614	1,582,307	(438,623)	13,274,298
Vehicles	323,563	-	-	323,563
	88,880,729	10,293,674	(3,541,862)	95,632,541
Less accumulated depreciation	(22,525,067)	(3,418,928)	424,973	(25,519,022)
Capital Assets, Net	$ 66,355,662	$ 6,874,746	$ (3,116,889)	$ 70,113,519

NOTE I – PROPERTY AND EQUIPMENT (continued)

The College has elected not to capitalize its collection of library books. This collection adheres to the College's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than be capitalized.

NOTE J – CONCENTRATIONS OF CREDIT RISK

The District grants credit without collateral to its students for tuition and fees, the majority of whom are District residents.

NOTE K – RESTRICTED NET ASSETS

Net assets are reported as restricted when there are limitations imposed on their use either through enabling action adopted by the College or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2010, restricted net assets consisted of the following:

	College	Building Corporation	Foundation	Total
Restricted Bond Reserves	$ -	$ 4,464,631	$ -	$ 4,464,631
Temporarily Restricted	-	-	45,870	45,870
Permanently Restricted	-	-	1,469,664	1,469,664
Total Restricted Net Assets	$ -	$ 4,464,631	$ 1,515,534	$ 5,980,165

NOTE L – INDUSTRIAL NEW JOBS TRAINING CERTIFICATES

In accordance with sections 178.892 through and including 178.896, RSMo, and 4 CSR 195-3.010 to provide tax-aided training for employees of industries, which are new to, or expanding their operations within the State of Missouri, the College has issued Industrial New Jobs Training Certificates. Proceeds of the certificates are used to reimburse the employer for training related costs. The certificates are to be repaid up to eight years using payroll tax withholdings related to the new jobs created. If such funds are not sufficient to repay the debt, then other withholding taxes paid by the employer shall be applied. A special (trust) fund is maintained for the deposit of tax withholdings received from the state and to disburse amounts received for program costs and debt service. The certificates do not constitute indebtedness of the College and, accordingly, are not included in the accompanying balance sheet.

The 2007 T-Mobile project was issued under the "alternative structure." This structure reimburses training costs incurred by the Employer on a "cash flow" basis and does not involve the sale of Certificates to a third party. Under this structure monies from the New Jobs Training Credit deposited in the Job Training Program Fund is applied to reimburse the Employer for training costs. As the Employer incurred training costs it submits evidence of those costs to the College for approval, similar to the standard payment structure. However, rather than being immediately reimbursed for such costs from monies in the Program Fund representing proceeds of the sale of the Certificates, the training costs approved by the College would be owed to the Employer. The Employer is then reimbursed for these training costs only as monies are available from the New Jobs Training Credit in the Job Training Program Fund.

Accordingly, the outstanding balance column on the following schedule represents the remaining balance of unretired certificates on the standard structure and the remaining balance to be reimbursed to the employer for the alternative structure.

As of June 30, 2010, the Industrial New Jobs Training Certificates outstanding were $2,051,826 and were comprised of the following:

Company	Total Certificates Sold	Outstanding Balance June 30, 2010
First USA Series 2005-Project V, Springfield, MO	$ 630,000	$ 209,000
T-Mobile USA 2007-Project I, Springfield, MO	1,546,000	766,292
T-Mobile USA 2007A-Project II, Springfield, MO	1,481,000	1,076,534
	$ 3,657,000	$ 2,051,826

NOTE M – RETAINED JOBS TRAINING CERTIFICATES

In accordance with sections 178.760 through and including 178.764, RSMo and 4 CSR 195-3.020 to provide tax-aided training for employees of industries, which are new to, or expanding their operations within the State of Missouri, the College has issued Retained Jobs Training Certificates. Proceeds of the certificates are used to reimburse the employer for training related costs. The certificates are to be repaid up to eight years using payroll tax withholdings related to the new jobs created. If such funds are not sufficient to repay the debt, then other withholding taxes paid by the employer shall be applied. A special (trust) fund is maintained for the deposit of tax withholdings received from the state and to disburse amounts received for program costs and debt service. The certificates do not constitute indebtedness of the College and, accordingly, are not included in the accompanying balance sheet.

As of June 30, 2010, the Retained Jobs Training Certificates outstanding were $764,676 and were comprised of the following:

Company	Total Certificates Sold	Outstanding Balance June 30, 2010
Tracker Marine 2006-Project I, Springfield, MO	$ 465,151	$ 65,151
Scroll Compressors 2009-Project I,	871,808	699,525
	$ 1,336,959	$ 764,676

NOTE N – RISK MANAGEMENT

The College is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since its inception, the College has transferred its risk by obtaining coverage from commercial insurance companies or a public risk entity pool. In addition it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE O – EXPENSES BY NATURAL CLASSIFICATION

Expenses by natural classification for the year ended June 30, 2010, were as follows:

	College	Building Corporation	Foundation	Eliminations	Combined
Salaries	$ 32,350,961	$ -	$ -	$ -	$ 32,350,961
Fringe benefits	7,685,646	-	-	-	7,685,646
Supplies and services	19,314,724	914	2,772,947	(5,863,870)	16,224,715
Scholarships and fellowships	7,332,361	-	148,947	-	7,481,308
Utilities	1,077,484	-	-	-	1,077,484
Depreciation	1,139,932	2,278,996	-	-	3,418,928
	$ 68,901,108	$ 2,279,910	$ 2,921,894	$ (5,863,870)	$ 68,239,042

NOTE P – RESTRICTED SHORT-TERM INVESTMENTS

Bond reserve funds have been established for each of the outstanding revenue bond issues. The funds were established from the sale of each bond issue in an amount equal to the Bond Reserve Requirement of each issue. Earnings accrued on the short-term investment of moneys in the Bond Reserve Fund shall be disbursed and expended by the Trustee, without any further authorization from the College or the Building Corporation, solely for the payment of the principal and interest on the Bonds to the extent of any deficiency. As of June 30, 2010, the balance of restricted short-term investments was $4,464,631.

NOTE Q – CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS

Contingencies

The College is subject to various lawsuits and claims. Although the outcome of a pending claim is not presently determinable, in the opinion of the College's attorney, the resolution of these matters will not have material adverse effects on the financial condition of the College.

NOTE Q – CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS (continued)

Commitment

In April 2010, the College entered into a contact with Drury University for the purchase of property to be used as the site of a parking lot for the Springfield campus. The total contract was for $1,600,000. In 2010, the College made pre-closing payments totaling $600,000, which are recorded as prepaid expenses at June 30, 2010. At June 30, 2010, the College is committed to the remaining contract balance of $1,000,000.

Subsequent Events

In July 2010, the College approved a bid from Snyder Construction for the construction of a parking lot for the Springfield campus. The total bid was for $491,346.

In September 2010, the College entered into a contract with Crockey's Inc. for the purchase of land and buildings in Taney County, Missouri. The total purchase price is $800,000.

In September 2010, the College entered into a contract with the Gerald M. Causey Revocable Trust and the Jacquelyn Sue Causey Revocable Trust for the purchase of land in Taney County, Missouri. The total purchase price is $1,400,000.

In November 2010, the College approved issuing $12,000,000 in bonds to fund construction projects for the Springfield, Lebanon, and Hollister campuses.

NOTE R – POSTEMPLOYMENT HEALTH CARE PLAN

Plan Description – The College's postemployment health care plan is a single-employer defined benefit medical and dental plan. To be eligible for participation in the plan, retirees must meet the retirement eligibility requirements as set by the Public School Retirement System of Missouri (PSRS) or the Public Education Employee Retirement System of Missouri (PEERS). Eligible participants receive benefits in the form of an implicit rare subsidy where participants receive health insurance coverage by paying a blended retiree/active rate.

Funding Policy – The contribution requirements of plan members and the College are established and may be amended by the Board of Trustees. Current contribution requirements require participants to pay the full blended premium. The College funds the plan on a pay-as-you-go basis.

NOTE R – POSTEMPLOYMENT HEALTH CARE PLAN (continued)

Annual OPEB Cost and Net OPEB Obligation – The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the College, an amount actuarially determined in accordance with the parameters of GASB-45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2010:

ARC	$ 220,000
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost (expense)	$ 220,000

The change in net OPEB obligation was as follows:

Balance June 30, 2009 Net OPEB Obligation	Annual OPEB Cost	Employer Contributions	Balance June 30, 2010 Net OPEB Obligation
$ 220,000	$ 220,000	$ -	$ 440,000

Funding Status and Funding Progress – As a pay-as-you-go plan, the plan was 0% funded at June 30, 2010.

Actuarial Valutation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liablity (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UALL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2009	$ -	$ 1,535,000	$ 1,535,000	0%	$ 30,291,000	5%

NOTE R – POSTEMPLOYMENT HEALTH CARE PLAN (continued)

Actuarial Methods and Assumptions – The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The most recent OPEB liability actuarial valuation was completed for the year ended June 30, 2009. In the 2009 actuarial valuation, the projected unit credit cost method was used, and the interest rate used for discounting liabilities was 4.0%. The actuarial valuation assumed a medical premium inflation rate based on long term health care trends generated by the Getzen Model. The medical premium inflation rate was 8.10% for 2009, with annual rate reductions to an ultimate rate of 4.4% in 2065. The valuation also assumed an initial dental premium inflation rate of 5.0%, with two annual decreases in the rate to an ultimate inflation rate of 4.4%. The unfunded actuarial accrued liability is amortized over the maximum acceptable period of 30 years, and the valuation assumed that 50% of all future retirees will elect medical coverage, 70% will elect dental coverage, and 25% will elect both medical and dental coverage for dependents.

NOTE S – PRIOR PERIOD ADJUSTMENT

During the current year, beginning net assets were adjusted to reflect the liability for compensated absences accrued as of June 30, 2009. The adjustment to net assets was as follows:

Beginning Net Assets, July 1, 2009	$ 54,594,905
Prior Period Adjustment	(756,943)
Adjusted Beginning Net Assets, July 1, 2009	$ 53,837,962

OTHER FINANCIAL INFORMATION

OZARKS TECHNICAL COMMUNITY COLLEGE
COMBINING STATEMENT OF NET ASSETS
June 30, 2010

	College	Building Corporation	Foundation	Eliminations	Combined
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 10,531,114	$ -	$ 291,748	$ -	$ 10,822,862
Investments	5,028,361	4,464,631	1,237,699	-	10,730,691
Accounts receivable, net	12,483,453	-	240,232	-	12,723,685
Property taxes receivable, net	28,086	-	-	-	28,086
Prepaid expenditures	1,699,529	-	-	-	1,699,529
Inventory	1,833,873	-	-	-	1,833,873
TOTAL CURRENT ASSETS	31,604,416	4,464,631	1,769,679	-	37,838,726
NONCURRENT ASSETS					
Land	-	9,865,792	-	-	9,865,792
Depreciable assets, net	3,512,311	56,735,416	-	-	60,247,727
Bond issue costs, net	-	2,182,415	-	-	2,182,415
TOTAL NONCURRENT ASSETS	3,512,311	68,783,623	-	-	72,295,934
TOTAL ASSETS	$ 35,116,727	$ 73,248,254	$ 1,769,679	$ -	$110,134,660
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	$ 1,467,079	$ -	$ 294	$ -	$ 1,467,373
Accrued and other liabilities	1,137,469	934,719	-	-	2,072,188
Deferred revenues	9,230,985	-	-	-	9,230,985
Current maturities of bonds payable	-	1,960,000	-	-	1,960,000
TOTAL CURRENT LIABILITIES	11,835,533	2,894,719	294	-	14,730,546
NONCURRENT LIABILITIES					
Post-employment benefit liability	440,000	-	-	-	440,000
Compensated absences payable	854,304	-	-	-	854,304
Bonds payable	-	33,670,000	-	-	33,670,000
TOTAL NONCURRENT LIABILITIES	1,294,304	33,670,000	-	-	34,964,304
TOTAL LIABILITIES	13,129,837	36,564,719	294	-	49,694,850
NET ASSETS					
Investment in property and equipment, net of related debt	3,512,311	30,971,207	-	-	34,483,518
Restricted	-	4,464,631	1,515,534	-	5,980,165
Unrestricted	18,474,579	1,247,697	253,851	-	19,976,127
TOTAL NET ASSETS	21,986,890	36,683,535	1,769,385	-	60,439,810
TOTAL LIABILITIES AND NET ASSETS	$ 35,116,727	$ 73,248,254	$ 1,769,679	$ -	$110,134,660

OZARKS TECHNICAL COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2010

	College	Building Corporation	Foundation	Eliminations	Combined
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowance of $16,938,615)	$ 17,042,644	$ -	$ -	$ -	$ 17,042,644
Federal grants and contracts	26,104,650	-	-	-	26,104,650
State and local grants and contracts	2,317,708	-	79,162	-	2,396,870
Auxiliary services revenues	7,653,813	-	-	-	7,653,813
Other operating revenues	678,249	3,263,870	4,119	(3,263,870)	682,368
TOTAL OPERATING REVENUES	53,797,064	3,263,870	83,281	(3,263,870)	53,880,345
OPERATING EXPENSES					
Instruction	31,439,239	-	-	-	31,439,239
Learning Resource Center	728,767	-	-	-	728,767
Academic support	6,825,279	-	-	-	6,825,279
Student services	2,795,940	-	2,772,288	(2,600,000)	2,968,228
Institutional support	5,970,731	-	659	-	5,971,390
Auxiliary Services	6,551,678	-	-	-	6,551,678
Scholarships and fellowships	7,331,172	-	148,947	-	7,480,119
Depreciation	1,139,932	2,278,996	-	-	3,418,928
Plant operating expenses	6,118,370	914	-	(3,263,870)	2,855,414
TOTAL OPERATING EXPENSES	68,901,108	2,279,910	2,921,894	(5,863,870)	68,239,042
OPERATING INCOME (LOSS)	(15,104,044)	983,960	(2,838,613)	2,600,000	(14,358,697)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	11,441,431	-	-	-	11,441,431
County property tax revenue	7,368,681	-	-	-	7,368,681
Gifts and donations	2,710,981	-	3,479,727	(2,600,000)	3,590,708
Investment income	242,287	97,413	27,873	-	367,573
Transfers in (out)	(5,621,674)	5,621,674	-	-	-
Loss on asset disposal	(18,518)	-	-	-	(18,518)
Unrealized gain (loss) on investments	-	(101,592)	59,868	-	(41,724)
Interest on debt related to property and equipment	-	(1,747,606)	-	-	(1,747,606)
TOTAL NONOPERATING REVENUES (EXPENSES), NET	16,123,188	3,869,889	3,567,468	(2,600,000)	20,960,545
INCREASE IN NET ASSETS	1,019,144	4,853,849	728,855	-	6,601,848
NET ASSETS, Beginning of year, as restated	20,967,746	31,829,686	1,040,530	-	53,837,962
NET ASSETS, End of year	$ 21,986,890	$ 36,683,535	$ 1,769,385	$ -	$ 60,439,810

OZARKS TECHNICAL COMMUNITY COLLEGE
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2010

	College	Building Corporation	Foundation	Eliminations	Combined
CASH FLOWS FROM OPERATING ACTIVITIES					
Student tuition and fees	$ 15,635,386	$ -	$ -	$ -	$ 15,635,386
Payments to suppliers	(22,717,140)	(914)	(2,772,653)	5,863,870	(19,626,837)
Payments for utilities	(1,077,484)	-	-	-	(1,077,484)
Payments for employees	(31,923,620)	(24,927)	-	-	(31,948,547)
Payments for benefits	(7,685,646)	-	-	-	(7,685,646)
Payments for financial aid and scholarships	(7,332,361)	-	(148,947)	-	(7,481,308)
Auxiliary enterprises charges, bookstore and vending	7,653,813	-	-	-	7,653,813
Contracts and grants	28,422,358	-	79,162	-	28,501,520
Other receipts, net	678,249	3,263,870	4,119	(3,263,870)	682,368
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(18,346,445)	3,238,029	(2,838,319)	2,600,000	(15,346,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State aid and grants appropriations	11,441,431	-	-	-	11,441,431
County property tax revenue	7,344,285	-	-	-	7,344,285
Transfers in (out) from other funds	(4,811,674)	4,811,674	-	-	-
Donations	2,710,981	-	3,239,495	(2,600,000)	3,350,476
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	16,685,023	4,811,674	3,239,495	(2,600,000)	22,136,192
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of property and equipment	(1,574,542)	(5,629,437)	-	-	(7,203,979)
Principal paid on debt related to property and equipment	-	(1,875,000)	-	-	(1,875,000)
Interest paid on debt related to property and equipment	-	(1,707,058)	-	-	(1,707,058)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITY	(1,574,542)	(9,211,495)	-	-	(10,786,037)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	23,028,361	5,497,873	-	-	28,526,234
Interest on investments	242,287	97,413	27,873	-	367,573
Purchase of investments	(12,556,722)	(4,433,494)	(332,514)	-	(17,322,730)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITES	10,713,926	1,161,792	(304,641)	-	11,571,077
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,477,962	-	96,535	-	7,574,497
CASH AND CASH EQUIVALENTS, Beginning of year	3,053,152	-	195,213	-	3,248,365
NET CASH AND CASH EQUIVALENTS, End of year	$ 10,531,114	$ -	$ 291,748	$ -	$ 10,822,862

OZARKS TECHNICAL COMMUNITY COLLEGE
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2010

	College	Building Corporation	Foundation	Eliminations	Combined
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (15,104,044)	$ 983,960	$ (2,838,613)	$ 2,600,000	$ (14,358,697)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,139,932	2,278,996	-	-	3,418,928
Changes in assets and liabilities:					
Receivables, net	(2,783,047)	-	-	-	(2,783,047)
Prepaid expenditures	(1,535,503)	-	-	-	(1,535,503)
Inventory	(1,591,660)	-	-	-	(1,591,660)
Accounts payable	(275,253)	-	294	-	(274,959)
Accrued and other liabilities	109,980	(24,927)	-	-	85,053
Deferred revenues	1,375,789	-	-	-	1,375,789
Compensated absences payable	97,361	-	-	-	97,361
Post-employment benefit liability	220,000	-	-	-	220,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (18,346,445)	$ 3,238,029	$ (2,838,319)	$ 2,600,000	$ (15,346,735)

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

Board of Trustees
Ozarks Technical Community College
Springfield, Missouri

We have audited the business-type activities of Ozarks Technical Community College, as of and for the year ended June 30, 2010, which comprise Ozarks Technical Community College's financial statements and have issued our report thereon dated October 15, 2010, except for Note Q, as to which the date is November 8, 2010. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ozarks Technical Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ozarks Technical Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Board of Trustees
Ozarks Technical Community College
Springfield, Missouri

Compliance and Other Matters

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

We noted certain matters that we reported to management of Ozarks Technical Community College in a separate letter dated October 15, 2010.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
October 15, 2010

DAVIS, LYNN & MOOTS, P.C.
Certified Public Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Ozarks Technical Community College
Springfield, Missouri

Compliance

We have audited the compliance of the Ozarks Technical Community College with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Ozarks Technical Community College's major federal programs for the year ended June 30, 2010. The Ozarks Technical Community College's 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 the Ozarks Technical Community College's management. Our responsibility is to express an opinion on the Ozarks Technical Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards 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 have occurred. An audit includes examining, on a test basis, evidence about Ozarks Technical Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Ozarks Technical Community College's compliance with those requirements.

In our opinion, the Ozarks Technical Community College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Board of Trustees
Ozarks Technical Community College
Springfield, Missouri

Internal Control Over Compliance

The management of the Ozarks Technical Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Ozarks Technical Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
October 15, 2010

OZARKS TECHNICAL COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Pell Grants	84.063	-	$ 22,571,928
SEOG	84.007	-	387,780
FWS	84.033	-	347,659
ARRA FWS, Recovery Act	84.033	-	87,321
FFEL	84.032	-	18,812,918
Academic Competitiveness	84.375	-	145,591
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			42,353,197
Child Access Means Parents In School (CCAMPIS)	84.335A	-	77,941
TOTAL DIRECT			42,431,138
Passed Through Missouri Department of Elementary and Secondary Education			
Adult Literacy (AEL)	84.002	5436	329,481
Perkins Vocational	84.048A	5427	1,651,867
Tech-Prep	84.243A	5431	173,859
Passed Through Missouri Department of Higher Education			
State Fiscal Stabilization Fund Cluster			
ARRA Education State Grants, Recovery Act	84.394	-	2,358,583
TOTAL INDIRECT			4,513,790
TOTAL U.S. DEPARTMENT OF EDUCATION			46,944,928
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Missouri Department of Health and Senior Services			
Child and Adult Care Food Program	10.558	-	30,801
TOTAL U.S. DEPARTMENT OF AGRICULTURE			30,801
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Missouri Department of Elementary and Secondary Education			
CCDF Cluster			
Child Care and Development Block Grant	93.575	640-121	13,297
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			13,297

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Commercial Motor Vehicle Operator Safety Training Grant	20.235	-	13,400
Passed Through Missouri Department of Transportation			
Highway Safety Cluster			
Safe Communities Program	20.600	-	21,670
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			35,070
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Missouri Emergency Management Agency			
Pre-Disaster Mitigation Grant	97.047	-	25,101
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			25,101
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Missouri Department of Economic Development			
CDBG - State Administered Small Cities Program Cluster			
Training for Tomorrow	14.228	-	1,100
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,100
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 47,050,297

NOTE A – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note A to the College's basic financial statements.

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Ozarks Technical Community College.

2. No significant deficiencies disclosed during the audit of the financial statements are reported in the REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.

3. No instances of noncompliance material to the financial statements of Ozarks Technical Community College, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.

5. The auditor's report on compliance for the major federal award programs for Ozarks Technical Community College expresses an unqualified opinion.

6. There were no findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs were the Student Financial Assistance Cluster (84.063, 84.007, 84.033, 84.032, and 84.375), State Fiscal Stabilization Fund Cluster (84.394), and Adult Literacy (84.002).

8. The threshold for distinguishing between Types A and B programs was $300,000.

9. Ozarks Technical Community College was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

OZARKS TECHNICAL COMMUNITY COLLEGE
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2010

There were no prior year audit findings.

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APPENDIX E

DEFINITIONS AND SUMMARIES
OF CERTAIN PRINCIPAL DOCUMENTS

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APPENDIX E

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

The summaries of the Declaration of Trust, the Lease, the Sublease, the Base Lease and the Continuing Disclosure Undertaking contained in this ***Appendix E*** *do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the designated corporate office of the Trustee, or will be provided by the Trustee to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.*

DEFINITIONS OF WORDS AND TERMS

"Additional Certificates" means any Certificates executed and delivered pursuant to the Declaration of Trust.

"Architect" means any architect, contractor or engineer hired by the City with respect to the Project.

"Assignment of Sublease" means the Assignment of Sublease, executed by the City in favor of the Trustee, assigning the City's interests in the District Sublease to the Trustee.

"Authorized City Representative" means the Mayor, City Administrator or any other person designated as an Authorized City Representative by the City Council to act on behalf of the City, such designation being approved by the governing body of the City by a resolution or ordinance that is filed with the Trustee.

"Authorized District Representative" means the person designated as an authorized representative of the District on a written designation filed with the Trustee.

"Available Revenues" means, for any Fiscal Year, (a) any balances of the City from previous Fiscal Years encumbered to pay Rent, (b) amounts budgeted or appropriated by the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, (c) Facilities Basic Rent received by the City or the Trustee pursuant to the District Sublease and (d) all moneys and investments, including earnings thereon, except for the Rebate Fund, held by the Trustee pursuant to the Declaration of Trust.

"Base Lease" means the Base Lease dated as of October 1, 2011, between the City, as lessor, and the Trustee, as lessee.

"Basic Rent" means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth in the Lease.

"Basic Rent Payment" means a payment of Basic Rent.

"Basic Rent Payment Date" means each March 1 and September 1 during the Lease Term, commencing on March 1, 2012.

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

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

"Cede & Co." means Cede & Co., as nominee name of The Depository Trust Company, New York, New York.

"Certificate Payment" means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

"Certificates" means the Series 2011 Certificates and any Additional Certificates.

"City" means the City of Waynesville, Missouri, a third-class city and political subdivision organized and existing under the laws of the State of Missouri, and its successors.

"City Project" means the portion of the Project designated as the City Project as described in the Lease.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Completion Certificate" means the certificate of the City given in accordance with the Lease.

"Completion Date" means the date of completion of the Project as that date will be certified as provided in the Lease.

"Construction Agreement" means one of any agreements between the City and/or the District and various parties, if any, providing for the acquisition, construction and installation of various portions of the Project.

"Continuing Disclosure Undertaking" means the continuing disclosure agreement, undertaking or certificate entered into by the City and the District and a dissemination agent, if any, in connection with the execution and delivery of a series of Certificates, as from time to time amended.

"Costs of Facilities Improvements" means all reasonable or necessary expenses related or incidental to the acquisition, construction and equipment of the Facilities, including the expenses of studies, surveys, title policies, architectural and engineering services, legal and other special services, and all other necessary and incidental expenses, expected to be paid from the District Project Account.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction, fees of any rating agency and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

"Declaration of Trust" means the Declaration of Trust dated as of October 1, 2011, made by the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

"Directive" means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Registrar kept pursuant to the Declaration of Trust, or their lawful attorneys-in-fact, representing not less than a majority of the aggregate unpaid Principal Portion represented by the then-Outstanding Certificates.

"District" means the Community College District of Central Southwest Missouri (also known as Ozarks Technical Community College), and its successors and assigns.

"District Available Revenues" means, for any District Fiscal Year, (a) any balances of the District from previous District Fiscal Years encumbered to pay Facilities Rent, (b) amounts budgeted or appropriated by the District for such District Fiscal Year and (c) any unencumbered balances of the District from previous District Fiscal Years that are legally available to pay Facilities Rent during such District Fiscal Year.

"District Project" means the portion of the Project consisting of the Facilities.

"District Sublease" means the Facilities Lease with Purchase Option dated as of October 1, 2011, between the City and the District, as amended from time to time.

“Event of Default” with respect to the Lease has the meaning specified under the caption **“SUMMARY OF THE LEASE - Events of Default,”** with respect to the Declaration of Trust has the meaning specified under the caption **“SUMMARY OF THE DECLARATION OF TRUST - Events of Default”** and with respect to the Sublease has the meaning specified under the caption “**SUMMARY OF THE SUBLEASE - Events of Default.”**

“Event of Lease Default” means an Event of Default under the Lease.

“Event of Nonappropriation” means with respect to the Lease an Event of Nonappropriation as described under the caption **“SUMMARY OF THE LEASE - Nonappropriation”** and with respect to the Sublease an Event of Nonappropriation as described under the caption **“SUMMARY OF THE SUBLEASE - Nonappropriation.”**

“Facilities” means the approximately 25,000 square foot education facility to be subleased to the District (including the land on which it is located).

“Facilities Basic Rent” shall have the meaning set forth in the District Sublease.

“Facilities Basic Rent Payment Date” means each February 15 and August 15 during the Sublease Term, commencing on February 15, 2012.

“Facilities Completion Date” means the date of completion of the Facilities as that date will be certified as provided in the Sublease.

“Facilities Purchase Price” means the amount the District may pay to purchase the Facilities, as provided in the Sublease.

“Facilities Rent” means, collectively, Facilities Basic Rent and Facilities Supplemental Rent.

“Facilities Supplemental Rent” means all amounts due under the Sublease other than Facilities Basic Rent.

“Fiscal Year” means (a) with respect to the City, the twelve-month period beginning April 1 and ending on March 31, and (b) with respect to the District, the twelve-month period beginning July 1 and ending June 30.

“Funds” means, collectively, the funds created and held under the Declaration of Trust.

“Government Obligations” means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, and (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates, and (c) obligations that are noncallable or for which the call date has been irrevocably determined having an investment rating in the highest rating category of either Moody’s or S&P as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations and that mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are permitted by law:

(a) Government Obligations;

(b) other obligations issued by or on behalf of agencies or instrumentalities of the United States of America except for the Federal Farm Credit Bank;

(c) negotiable certificates of deposit, demand deposits and other deposit arrangements, repurchase agreements, and investment agreements issued by banks or trust companies, including without limitation, the Trustee and its affiliates, continuously secured (to the extent not fully insured by the Federal Deposit Insurance Corporation), for the benefit of the Trustee by lodging with a bank or trust company (which may or may not be the bank or trust company issuing such negotiable certificates of deposit, repurchase agreement or investment agreement), as collateral security, Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit, demand deposits and other deposit arrangements;

(d) money market mutual funds rated in the highest rating category by a nationally recognized rating service consisting of Government Obligations or repurchase agreements for Government Obligations; and

(e) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits and certificates of deposit or bankers acceptances of depository institutions, including the Trustee or any of its affiliates, rated in the AA long-term ratings category or higher by S&P or Moody's or which are fully FDIC-insured.

"Lease" means the Lease Purchase Agreement dated as of October 1, 2011, between the Trustee, as lessor, and the City, as lessee, as amended and supplemented from time to time in accordance with its terms.

"Lease Revenue Fund" means the fund by that name established pursuant to the Declaration of Trust.

"Lease Revenues" means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund or account established pursuant to the Declaration of Trust.

"Leased Property" means, collectively, the Real Property and the portion of the Project to be located thereon.

"Moody's" means Moody's Investors Service, Inc. and its successors and assigns, and, if that firm is dissolved or liquidated or no longer performs the functions of a securities rating service, "Moody's" will be deemed to refer to any other nationally recognized securities rating service designated by the City with notice to the Trustee.

"Net Proceeds" means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys' fees, incurred in the collection thereof.

"Notice by Mail" or **"Notice"** of any action or condition **"by Mail"** means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates at the addresses shown on the registration books maintained by the Registrar.

"**Opinion of Counsel**" means a written opinion of counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the City or the District.

"Original Term" means the period from the date of delivery of the Lease until the end of the Fiscal Year then in effect.

"Outstanding" means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (a) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (b) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (c) Certificates whose payment or prepayment has been provided for, and (d) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

"Owner" of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

"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.

"Permitted Encumbrances" means, as of any particular time, (a) liens for taxes and assessments not then delinquent; (b) the Base Lease, the Lease, the District Sublease, the Declaration of Trust and any financing statements naming the City as debtor and naming the Trustee as secured party now or hereafter filed to perfect the security interests granted by the Declaration of Trust, the Base Lease or the Lease; (c) utility, access and other easements and rights-of-way, restrictions, exceptions and encumbrances that will not materially interfere with or materially impair the Leased Property; (d) such minor defects, irregularities, encumbrances, easements, mechanics' liens, rights-of-way and clouds on title as normally exist with respect to property similar in character to the Leased Property and (1) as do not, in the opinion of the City certified in writing to the Trustee, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Trustee or the City, or (2) are adequately insured against by a title insurance policy reasonably satisfactory to the Trustee and the City; or (e) the exceptions shown in the Commitment for Title Insurance No. P-24,439 dated October 3, 2011, prepared by Pulaski County Abstract & Title Co., Inc., as agent for First American Title Insurance Company.

"Prepayment Date" means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates.

"Prepayment Price" means with respect to any Certificate (or portion thereof), the amount specified in the Declaration of Trust.

"Principal Portion" means the principal portion of the Basic Rent Payments.

"Proceeds" means the aggregate moneys initially paid to the Trustee for each series of the Certificates.

"Project" means capital improvements, including, but not limited to (a) constructing, furnishing and equipping an education facility to be subleased to the District (including the acquisition of land therefor) and (b) such other capital improvements as the City Council deems advisable.

"Project Costs" means all reasonable or necessary expenses related or incidental to the acquisition and construction of the Project, including the expenses of studies, surveys, title policies, architectural and engineering services, legal and other special services, and all other necessary and incidental expenses, including interest on the Certificates to the Completion Date. Project Costs include Costs of Issuance.

"Project Fund" means the fund by that name established pursuant to the Declaration of Trust.

"Purchase Price" means the amount designated as such in the Lease that the City may pay to the Trustee to purchase the Trustee's interest in the Leased Property.

"Rating Agency" means, (a) initially, Standard & Poor's, a division of The McGraw-Hill Companies, Inc., so long as such agency's ratings are in effect with respect to the Series 2011 Certificates, and (b) subsequently, any other nationally recognized securities rating service so long as such agency's ratings are in effect with respect to the Certificates.

"Real Property" means the real property described in the Lease.

"**Rebate Fund**" means the fund by that name established pursuant to the Declaration of Trust.

"Record Date" means the fifteenth day of the month (whether or not a Business Day) before the applicable Basic Rent Payment Date.

"Registrar" means the Trustee when acting in that capacity, or its successor as Registrar.

"Renewal Term" means each renewal term of the Lease, each having a duration of one year and a term coextensive with the then-current Fiscal Year as provided in the Lease, except that the last possible Renewal Term will end on March 1, 2036.

"Rent" means, collectively, Basic Rent and Supplemental Rent.

"Rent Payment" means a payment of Rent.

"Representation Letter" means the Representation Letter from the City to the Securities Depository.

"Reserve Fund" means the fund by that name established pursuant to the Declaration of Trust.

"Reserve Fund Requirement" means (a) with respect to the Series 2011A Certificates, $804,985, (b) with respect to the Series 2011B Certificates, $127,000, and (c) with respect to any Additional Certificates, the amount (if any) specified in the Supplemental Declaration of Trust authorizing such Additional Certificates.

"Securities Depository" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"Series 2011 Certificates" means, collectively, the Series 2011A Certificates and the Series 2011B Certificates.

"Series 2011A Certificates" means the $9,865,000 aggregate principal amount of Certificates of Participation (City of Waynesville, Missouri, Lessee), Series 2011A, evidencing a proportionate interest in Basic Rent Payments to be made by the City pursuant to the Lease, executed and delivered pursuant to the Declaration of Trust.

"Series 2011B Certificates" means the $1,270,000 aggregate principal amount of Taxable Certificates of Participation (City of Waynesville, Missouri, Lessee), Series 2011B, evidencing a proportionate interest in Basic Rent Payments to be made by the City pursuant to the Lease, executed and delivered pursuant to the Declaration of Trust.

"S&P" means Standard & Poor's, a division of The McGraw–Hill Companies, its successors and their assigns, and if that entity will no longer perform the functions of a municipal securities rating agency, "S&P" will be deemed to refer to any other nationally recognized securities rating agency designated by the City with notice to the Trustee.

"Special Tax Counsel" means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on Series 2011 Certificates or other obligations issued by states and political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America.

"State" means the State of Missouri.

"Sublease" means the Facilities Lease with Purchase Option dated as of October 1, 2011, between the City, as sublessor, and the District, as sublessee, as amended and supplemented from time to time in accordance with its terms.

"Sublease Extended Renewal Term" means each of ten (10) one-year extended renewal terms beginning on March 2, 2036.

"Sublease Original Term" means the period from October 1, 2011, until the end of the District's Fiscal Year then in effect.

"Sublease Renewal Term" means each renewal term of the Sublease, each having a duration of one year and a term coextensive with the then-current District Fiscal Year, except that the last possible Sublease Renewal Term will end on March 1, 2036.

"Sublease Term" means the Sublease Original Term and all Sublease Renewal Terms.

"Supplemental Declaration of Trust" means any amendment or supplement to the Declaration of Trust entered into pursuant to the Declaration of Trust.

"Supplemental Lease" means any amendment or supplement to the Lease entered into pursuant to the Lease.

"Supplemental Rent" means all amounts due under the Lease other than Basic Rent.

"Supplemental Rent Payment" means a payment of Supplemental Rent.

"Tax Compliance Agreement" means the Tax Compliance Agreement entered into by the City and the Trustee in connection with the execution and delivery of any series of Certificates.

"Trust Estate" means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

"Trustee" means BOKF, N.A., and its successor or successors and their respective assigns.

SUMMARY OF THE DECLARATION OF TRUST

General Provisions

The Declaration of Trust is made by the Trustee. The Declaration of Trust authorizes the Trustee to execute and deliver the Series 2011 Certificates, provides the terms of the Series 2011 Certificates and provides for various Funds related to the Project and the Lease.

Trust Estate

The Trustee has executed and delivered the Declaration of Trust in order to secure the payment of the Principal Portions of Basic Rent Payments, premium, if any, and the Interest Portions of Basic Rent Payments. It further declares that it will hold all of the assets, property and interests received by it under the terms of the Declaration of Trust, the Base Lease and the Lease and all agreements and instruments contemplated thereby (except any compensation, indemnification or other amounts that are due directly to the Trustee under the Declaration of Trust).

Additional Certificates

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Series 2011 Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in the Declaration, for the purposes described under the heading **"SUMMARY OF THE LEASE - Increased Basic Rent."**

Establishment of Funds

There are established with the Trustee the following Funds and Accounts:

(a) Project Fund, including a District Project Account, a City Project Account, a Costs of Issuance Account and a Capitalized Interest Account. The City Project Account and the Costs of Issuance Account shall each include a Series 2011A Subaccount and a Series 2011B Subaccount.

(b) Lease Revenue Fund, including a Series 2011A Account and a Series 2011B Account.

(c) Reserve Fund, including a Series 2011A Account and a Series 2011B Account.

(d) District Reserve Account.

(e) Rebate Fund.

Funds established pursuant to the Declaration of Trust, except the Rebate Fund, will be held by the Trustee in trust for the benefit of the Certificate Owners. The money in all of the Funds will be deposited or applied as provided in the Declaration of Trust.

Application of Lease Revenues

Lease Revenues will be deposited, as received pursuant to the Lease, as follows:

(a) Basic Rent will be deposited in the Series 2011A and Series 2011B Accounts of the Lease Revenue Fund in accordance with the schedule of Basic Rent Payments attached to the Lease.

(b) Optional prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) will be deposited in the Series 2011A and Series 2011B Accounts, as applicable, of the Lease Revenue Fund.

(c) Payments of Supplemental Rent pursuant to the Lease will be applied as provided in the Lease.

Undesignated payments of Rent that are insufficient to discharge the full amount then due will be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Project Fund

The City has authorized the Trustee to withdraw sufficient moneys from the Capitalized Interest Account of the Project Fund, prior to withdrawing any other moneys from the Series 2011A Account of the Lease Revenue Fund, for the purpose of paying $88,026.66 of the Interest Portion of Basic Rent represented by the Series 2011A Certificates for the March 1, 2012 Basic Rent Payment. The Trustee shall withdraw the remaining moneys from the Capitalized Interest Account of the Project Fund, prior to withdrawing any other moneys from the Series 2011A Account of the Lease Revenue Fund, for the purpose of paying the Interest Portion of Basic Rent represented by the Series 2011A Certificates for the September 1, 2012 Basic Rent Payment.

Moneys in the Project Fund will be used to pay for Project Costs. Payment will be made from moneys in the Project Fund upon receipt by the Trustee of a requisition certificate therefor signed by (1) an Authorized City Representative, and with respect to costs for the District Project, an Authorized District Representative, and (2) except for requisitions for Costs of Issuance, architect fees and costs of furnishing or equipping the Project, the Architect (which will not be an employee of the City), which requisition certificates will contain the statements, representations and certificates set forth in the forms thereof attached as an exhibit to the Declaration of Trust and will be otherwise substantially in such forms. In the event of the acceleration of all the Certificates pursuant to the Lease, any moneys then remaining in the Project Fund will be transferred to the credit of the Lease Revenue Fund and will be used to pay Basic Rent.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund will be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable or on a Prepayment Date.

Reserve Fund

Moneys in each account of the Reserve Fund will be used solely to make up any deficiencies in the respective account of the Lease Revenue Fund. Moneys in such accounts of the Reserve Fund will also be used to pay the last Certificates of the applicable series becoming due or final Basic Rent Payments attributable thereto unless such Certificates or such Basic Rent have been otherwise paid. The investments in each account of the Reserve Fund will be valued (1) annually as of the last Business Day of each Fiscal Year, (2) on any date that there is a draw on the Reserve Fund, and (3) upon any partial prepayment of the Certificates (each a "Valuation Date"). If at any time the amount in any account of the Reserve Fund exceeds the applicable Reserve Fund Requirement, such excess will be transferred to the respective account of the Lease Revenue Fund. If at any time the amount in any account of the Reserve Fund is less than the Reserve Fund Requirement for such account as a result of a withdrawal or decrease in value of such account, the City will replenish such account of the Reserve Fund at the time and in the manner set forth in the Lease.

District Reserve Account

Money in the District Reserve Account will be used only for the purposes of (1) paying Basic Rent due under the Lease if there is an Event of Default or an Event of Nonappropriation under the District Sublease or (2) paying or prepaying Facilities Basic Rent on behalf of the District, but only if such amounts held in trust, together with interest earnings thereon, are sufficient to pay the Facilities Purchase Price due pursuant to the District Sublease.

Rebate Fund

Moneys will be deposited in and disbursed from the Rebate Fund in accordance with written instructions from the City to the Trustee prepared in accordance with the provisions of the Tax Compliance Agreement.

Investment of Moneys in Various Funds

Moneys held in the Funds will, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the City, signed by an Authorized City Representative, in Investment Securities that mature or are subject to redemption by the owner prior to the date such funds will be needed.

The Trustee will sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any Fund held under the Declaration of Trust whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities will be held by or under the control of the Trustee and will be deemed at all times a part of the Fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities will be credited to such Fund, and any loss resulting from such Investment Securities will be charged to such Fund; provided, that, if at any time the amount in any account of the Reserve Fund exceeds the applicable Reserve Fund Requirement, such excess will be transferred to the applicable account of the Lease Revenue Fund.

For purposes of determining the amount in any Fund, the value of any investments will be computed at the market value thereof (excluding accrued interest), the purchase price thereof (excluding accrued interest) or principal amount, whichever is lower; provided that the Reserve Fund will be valued at market value.

The Trustee may, in making or disposing of any investment permitted by the Declaration of Trust, deal with itself (in its individual capacity), or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as a principal for its own account.

Amendments to the Declaration of Trust, the Lease or the Base Lease

The Declaration of Trust, the Base Lease, the Lease, the District Sublease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at anytime by an amendment or supplement thereto that the parties thereto may enter into when the written consent of the Trustee and the City, if not a party thereto, and the Owners of a majority in aggregate Principal Portion of Basic Rent Payments represented by the Certificates then Outstanding has been filed with the Trustee. No such modification or amendment will (a) extend the stated maturity of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto or alter the optional prepayment date of any Certificate without the consent of the Owner of each Certificate so affected, (b) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Project Fund, the Lease Revenue Fund or the Reserve Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Project Fund, the Lease Revenue Fund or the Reserve Fund, or (c) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the preceding paragraph, the Declaration of Trust, the Base Lease, the Lease or the District Sublease and the rights and obligations of the City, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time by an agreement that the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes: (a) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power in the Declaration of Trust reserved to or conferred upon the City; provided, however, that no such covenant, agreement, pledge, assignment or surrender will materially adversely affect the interests of the Owners of the Certificates; (b) to add to the covenants and agreements of the City in the Base Lease, the Lease or the District Sublease, or to add to covenants and agreements of the District in the District Sublease, to add other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee, the City or the District; provided, however, that no such covenant, agreement or surrender will materially adversely affect the interests of the Owners of the Certificates; (c) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust, the Base Lease, the Lease or the District Sublease, or in regard to matters or questions arising under the Declaration of Trust, the Base Lease, the Lease, or the District Sublease as the Trustee and the City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City, the District or the Trustee and that will not, in any such case adversely affect the interests of the Owners of the Certificates; (d) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification of the Declaration of Trust under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and that will not materially adversely affect the interests of the Owners of the Certificates; (e) to provide for any additional procedures, covenants or agreements necessary to maintain, with respect to the Series 2011A Certificates or any other Additional Certificates (if the Interest Portion of Basic Rent evidenced by such Additional Certificates is excludable from gross income for federal income tax purposes, the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation; (f) to provide for the execution and delivery of Additional Certificates; (g) to make any other change that does not have a materially adverse effect on the rights of the Certificate Owners; or (h) to release an approximately 45-acre portion of a larger parcel acquired by the City for the City Project and initially included in the Leased Property upon its subdivision from the larger parcel, provided such portion of the Leased Property to be released shall not include any land upon which the City intends to locate a public works facility, fire station or stormwater detention area. .

Opinion of Special Tax Counsel

Before the Trustee or the City consents to any modification or amendment of the Declaration of Trust, the Base Lease or the Lease, an Opinion of Special Tax Counsel will be delivered to the Trustee stating that such amendment (a) is permitted by the Declaration of Trust and the instrument modified or amended (if other than the

Declaration of Trust), (b) complies with its terms, (c) will, upon execution and delivery thereof, be valid and binding upon the City in accordance with the terms of the instrument modified or amended, and (d) will not adversely affect the exclusion from gross income for purposes of federal income taxation of the Interest Portion of Basic Rent Payments represented by the Series 2011A Certificates or any other Additional Certificates (if the Interest Portion of Basic Rent evidenced by such Additional Certificates is excludable from gross income for federal tax purposes). In any instance in which the Trustee may be required to determine that a modification or amendment will not materially adversely affect the interest of the Owners of the Certificates, prior to consenting to such modification or amendment, the Trustee will be entitled to require that there be delivered to it an Opinion of Counsel to the effect that no such materially adverse affect would result from such modification or amendment. The Trustee will be fully protected and will incur no liability in relying upon such Opinion of Counsel in making such determination.

Events of Default

The occurrence of any of the following events, subject to the provisions permitting waivers of defaults, is defined as an "Event of Default" under the Declaration of Trust:

(a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or

(b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the Prepayment Date set therefor in accordance with the terms of the Declaration of Trust; or

(c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may, and upon receipt of a Directive will, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then-current Fiscal Year immediately due and payable.

Other Remedies

Upon the occurrence of an Event of Lease Default or Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Leased Property or Trustee's interest in the Leased Property, subject to Permitted Encumbrances, and apply the net proceeds thereof and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy will be cumulative and will be in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or now or hereafter existing at law or in equity or by statute.

Rights of Certificate Owners

If an Event of Default or an Event of Nonappropriation has occurred and is continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee will be obligated to exercise such one or more of the rights and the remedies conferred by the Declaration of Trust as the Trustee, upon the advice of counsel, deems to be in the interests of the Certificate Owners.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding will have the right, at any time, by a Directive, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings under the Declaration of Trust; provided that (a) such Directive will not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and (b) the Trustee has been indemnified as provided in the Declaration of Trust and will have the right to decline to follow any such direction if the Trustee in good faith determines that the proceeding so directed would involve it in personal liability.

No Owner of any Certificate will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Base Lease, the Lease or the Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder, unless (a) an Event of Default or Event of Nonappropriation has occurred; (b) the Owners have given a Directive to the Trustee and have offered reasonable opportunity either to proceed to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee thereafter fails or refuses to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceedings. Such notification, request and indemnity are at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Declaration of Trust and to any action or cause of action for the enforcement of the Declaration of Trust or for the appointment of a receiver or for any other right or remedy thereunder.

Defeasance

When (a) the obligations of the City under the Lease have been satisfied in connection with the exercise by the City of its option to purchase the Leased Property in accordance with the Lease by the irrevocable deposit in escrow of moneys or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both moneys and Government Obligations, and (b) the City has delivered to the Trustee (i) an Opinion of Counsel to the effect that the conditions for such discharge contained in the Declaration of Trust and the Lease have been satisfied or irrevocably provided for, (ii) an Opinion of Special Tax Counsel to the effect that so providing for the required payments will not adversely affect the exclusion from gross income for federal income tax purposes of the Interest Portion of the Basic Rent attributable to the Series 2011A Certificates or other tax-exempt Certificates and (iii) if the deposit of cash and Government Obligations is more than 90 days before the scheduled payment in full of the Certificates, an accountant's certificate verifying the sufficiency of moneys or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates and (c) the City has deposited sufficient moneys to pay the fees, charges and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust will cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as set forth in the Declaration of Trust; provided, however, that all provisions relating to the compensation or indemnification of the Trustee will survive the satisfaction and discharge of the Declaration of Trust.

Duties, Immunities and Liabilities of the Trustee

The Trustee will, prior to an Event of Default or Event of Nonappropriation and after the curing of all Events of Default or Events of Nonappropriation that may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee will, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The City may remove the Trustee at any time unless an Event of Default, or a condition that with the giving of notice or the passage of time, or both, would constitute an Event of Default or an Event of Nonappropriation has occurred and is then continuing. The City shall give the Owners written notice of such removal and may appoint by an instrument in writing a temporary Trustee to fill such vacancy until a successor Trustee has been appointed by a Directive. The Trustee may also be removed at any time by a Directive or will resign at any time the Trustee ceases to be eligible in accordance with the Declaration of Trust or becomes incapable of acting, or is adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the property or affairs of the Trustee for the purpose of rehabilitation, conservation or liquidation and thereupon a successor Trustee will be appointed by a Directive. Written notice of any removal or resignation pursuant to this paragraph will be given by the Trustee to the City.

The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Registrar. Upon receiving such notice of resignation, a successor Trustee will be appointed by a Directive.

SUMMARY OF THE LEASE

General

The Lease has been entered into between the Trustee and the City and contains the terms and conditions under which the Leased Property will be leased to and used by the City.

Lease Term

The Original Term of the Lease will terminate the last day of the current Fiscal Year. The Lease Term may be continued, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one year, provided that the final Renewal Term shall not extend beyond March 1, 2036. At the end of the Original Term and at the end of each Renewal Term, unless the City has terminated the Lease and for no other reason, the City will be deemed to have exercised its option to continue the Lease for the next Renewal Term. The terms and conditions during any Renewal Term will be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

Continuation of Lease Term by the City

The City reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and each of the Renewal Terms can be obtained. The City covenants in the Lease that its responsible financial officer will do all things lawfully within his power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend the Lease for any Renewal Term is to be made in accordance with the City's normal procedures for such decisions by the then-current governing body of the City.

Nonappropriation

The City is obligated only to pay periodic payments under the Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, the Lease will be deemed terminated at the end of the then-current Original Term or Renewal Term. An Event of Nonappropriation will be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination promptly following the City's approval of a budget for the next succeeding Fiscal Year, but failure to give such notice will not extend the term beyond such Original Term or Renewal Term. If the Lease is terminated, the City agrees peaceably to transfer and surrender possession of the Leased Property to the Trustee.

Payment for Construction of the Project

Costs and expenses of every nature incurred in the construction of the Project that qualify as Project Costs will be paid by the Trustee from the Project Fund upon receipt by the Trustee of a completed request of the City signed by an Authorized City Representative and the Architect (and with respect to the District Project, an Authorized District Representative) and containing the statements, representations and certifications set forth in the forms of such request attached to the Declaration of Trust.

Completion Date; Excess Funds

The Completion Date will be evidenced to the Trustee upon receipt by the Trustee of a certificate signed by an Authorized City Representative, with respect to the City Project, and an Authorized City

Representative and Authorized District Representative with respect to the District Project (the "Completion Certificate") stating (a) the date on which the City Project or District Project, as applicable, was substantially completed, (b) that all other facilities necessary in connection with such portion of the Project have been purchased, constructed and installed, (c) that such portion of the Project and such other facilities have been purchased, constructed, made and installed in accordance with the plans and specifications therefor and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for Project Costs described in clause (e), all Project Costs for such portion of the Project have been paid, and (e) the amounts, if any, to be retained in the applicable account of the Project Fund for the payment of Project Costs, if any, not yet due or Project Costs whose liability the City or the District is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the City that then exist or may subsequently come into being against third parties. Any amounts remaining in the District Project Account that are not needed to pay any remaining Project Costs related to the District Project will be transferred by the Trustee without further authorization to the Lease Revenue Fund and will be credited toward any Facilities Basic Rent due under the District Sublease. Any amounts remaining in the City Project Account that are not needed to pay any remaining Project Costs related to the City Project will be transferred by the Trustee without further authorization to the Lease Revenue Fund.

Enjoyment of Leased Property

The Trustee will provide the City during the Lease Term with quiet use and enjoyment of the Leased Property (subject to the Permitted Encumbrances). The City will, during the Lease Term, peaceably and quietly have, hold and enjoy the Leased Property, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The City may use the Leased Property for any governmental or proprietary purpose of the City, subject to the limitations contained in the Lease. Notwithstanding any other provision in the Lease, the Trustee will have no responsibility to cause the Project to be constructed or to maintain, repair or insure the Leased Property.

The City will comply with all statutes, laws, resolutions, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Leased Property, as to the manner and use or the condition of the Leased Property. The City will also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. The City will pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the City to comply with the foregoing provisions. Notwithstanding any provision contained in this paragraph, however, the City may, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, resolution, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the City may refrain from complying therewith, if the City furnishes, on request, to the Trustee, at the City's expense, indemnity satisfactory to the Trustee.

Basic Rent

The City will promptly pay all Basic Rent, subject to its right to terminate the Lease as described under the heading **"Nonappropriation"** on each Basic Rent Payment Date. The City shall receive credit for any Facilities Basic Rent paid by the District to the Trustee pursuant to the District Sublease. The Trustee shall notify the City at least five (5) days before the applicable Basic Rent Payment Date if the District has not paid the full amount of Facilities Basic Rent then due and the amount of such deficiency. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the City will pay to the Trustee for deposit in the Lease Revenue Fund not less than fifteen days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The City will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term and such funds will not be expended for other purposes.

Supplemental Rent

The City will pay, subject to its right to terminate the Lease as described under the heading **"Nonappropriation,"** as Supplemental Rent (a) all Impositions (as defined under the heading "**Impositions**"); (b) all amounts required and all other payments that the City has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease or the Base Lease by the Trustee; (d) all fees, charges and expenses of the Trustee as provided in the Lease; (e) if the amount in any account of the Reserve Fund is less than the applicable Reserve Fund Requirement as a result of the withdrawal of moneys therein in order to make Basic Rent Payments, the amount of such deficiency to the Trustee for deposit in the applicable account of the Reserve Fund on or before the first anniversary of the date of such withdrawal; (f) if the amount in any account of the Reserve Fund is less than the applicable Reserve Fund Requirement as a result of a decrease in value as shown by the valuation required by the Declaration of Trust, the amount of such deficiency to the Trustee for deposit in the applicable account of the Reserve Fund within 90 days of such valuation; and (g) any payments required to be made pursuant to the Tax Compliance Agreement.

Rent Payments to Constitute a Current Expense and Limited Obligation of the City

The obligation of the City to pay Rent under the Lease is limited to payment from Available Revenues and will constitute a current expense of the City. Such obligation will not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained therein constitute a pledge of the general tax revenues, funds or moneys of the City.

Net Lease; Rent Payments to be Unconditional

The Lease is intended to be net, net, net to the Trustee. Subject to the right of the City to terminate the Lease described under the heading **"Nonappropriation,"** the obligations of the City to pay the Basic Rent Payments and to perform and observe the other covenants and agreements contained therein will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, for any reason, including any failure of the Project to be constructed or installed, any defects, malfunctions, breakdowns or infirmities in the Project or any accident, condemnation or unforeseen circumstances.

Nothing in the Lease will be construed as a waiver by the City of any rights or claims the City may have against the Trustee, but any recovery upon such rights and claims will be from the Trustee separately.

Increased Basic Rent

Notwithstanding any other provision of the Lease, the Trustee and the City may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the City on any Basic Rent Payment Date to provide funds to pay the costs of (a) completing the Project, (b) repairing, replacing or restoring the Project, (c) improving, upgrading or modifying the Project or (d) refunding any or all of the Certificates, including in each case the costs of executing and delivering Additional Certificates. Each such Supplemental Lease will include an amended schedule of Rental Payments reflecting separately the Principal Portion and Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date.

Disclaimer of Warranties

The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition or fitness for particular purpose or fitness for use of the Project or any part thereof, or warranty with respect thereto. In no event will the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease or the existence, furnishing, functioning or the City's use of the Project or any part thereof.

Deficiency of Project Fund

If the Project Fund is insufficient to pay fully all Project Costs and to complete fully the Project lien free, the City will pay or cause the District to pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same becomes due. The Trustee is not obligated to pay and will not be responsible for any such deficiency, and the City will save the Trustee whole and harmless from any obligation to pay such deficiency. The City's obligation to pay any such deficiency will be limited to its current budget appropriations for the Project, and the City will have no obligation to appropriate additional funds therefor and may amend the Project to reduce or eliminate such deficiency.

Impositions

The City will bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Leased Property, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, that if not paid when due would impair the security of the Trustee or encumber the Leased Property (all of the foregoing being herein referred to as "Impositions").

Contest of Impositions

The City may, in its own name or in the Trustee's name, contest the validity or amount of any Imposition that the City is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least 10 days before the contested Imposition becomes delinquent. The City may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee notifies the City that, in the Opinion of Counsel, by nonpayment of any such items the interest of the Trustee in the Leased Property will be endangered or the Leased Property or any part thereof will be subject to loss or forfeiture. In that event, the City shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

Maintenance, Taxes and Insurance

The City will, during the Lease Term, cause the Leased Property to be kept continuously insured against such risks customarily insured against for facilities such as the Leased Property and will pay (except as otherwise provided in the Lease) as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) Insurance insuring the Leased Property against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the Principal Portion of the Certificates then Outstanding and issued by such insurance company or companies authorized to do business in the State as may be selected by the City. The policy or policies of such insurance will name the City and the Trustee as insureds and the Trustee as special loss payee, as their respective interests may appear, and shall not be subject to any coinsurance clause. All proceeds from such policies of insurance will be applied as provided in the Lease.

(b) To the extent appropriate, during the acquisition, construction and installation of the Project and in lieu of the insurance required in subparagraph (a) above, builder's risk-completed value insurance insuring the Project against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Project (subject to reasonable loss deductible clauses) issued by such insurance company or companies authorized to do business in the State as may be selected by the City. Such policy or policies of insurance will name the City and the Trustee as insureds and the Trustee as special loss payee, as their respective interests may appear, and all payments received under such policy or policies by the City will be paid over to the Trustee.

(c) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the Trustee and the City are named as insureds, in an amount not less than the limits of liability set by Section 537.610 of the Revised Statutes of Missouri (subject to reasonable loss deduction clauses).

(d) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State.

(e) Owner's policy of title insurance, issued on ALTA forms by a title insurance underwriter acceptable to the Underwriter, insuring the Trustee's leasehold estate created by the Base Lease, in an amount equal to the principal amount of the Series 2011 Certificates, subject only to exceptions acceptable to the Underwriter, with endorsements and affirmative coverages reasonably required by the Underwriter, including comprehensive, nonmerger, validity of sublease, survey or in the absence of a survey, location, access, and contiguity endorsements, and otherwise in form and substance satisfactory to the Underwriter.

(f) Performance and labor and material payment bonds with respect to the Construction Agreements in the full amount of the Construction Agreements from surety companies qualified to do business in the State.

The City may elect to be self–insured (for liability only) for all or any part of the foregoing requirements of the Lease if (1) the maintenance of a separate segregated self-insurance trust fund funded in an amount determined (initially and on at least an annual basis) by an independent actuary employing accepted actuarial techniques, and (2) the establishment and maintenance of a claims processing and risk management program. No later than 120 days after the end of each Fiscal Year, the City shall cause an independent actuary to submit a written report to the Trustee setting forth a determination, employing accepted actuarial techniques, of an adequate amount of reserves to be maintained in the City's self insurance trust fund. The City shall immediately deposit any amount necessary to cause the self insurance trust fund to be funded in the amount determined by the actuary. The City may not self-insure against casualty losses to any real or personal property owned, leased or used by it, including plant, property and equipment.

With respect to the District Project only, any self insurance by the District that otherwise meets the requirements of the paragraph above shall be permitted in lieu of self insurance by the City.

The City will at its own expense (a) keep the Leased Property in a safe condition, (b) with respect to the Leased Property, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Leased Property in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Property the maintenance, repair, replacement or renewal of which becomes uneconomical to the City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City will not permit or suffer others to commit a nuisance in or about the Leased Property or itself commit a nuisance in connection with its use or occupancy of the Leased Property. The City will pay all costs and expenses of operation of the Leased Property.

The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Leased Property that it deems desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Property. All such additions, modifications or improvements made by the City will (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence, and (c) when completed, be deemed a part of the Leased Property.

Damage, Destruction and Condemnation

The City will bear the risk of loss with respect to the Leased Property during the Lease Term. If (1) the Leased Property or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty, or (2) title to, or the temporary use of, the Leased Property or any part thereof will be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the City will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Property, unless the City has exercised its option to purchase the Trustee's interest in the Leased Property by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed will be paid to the Trustee for deposit into the Lease Revenue Fund.

If the City determines that the repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the City will promptly purchase the Trustee's interest in the Leased Property pursuant to the Lease by paying the Purchase Price. The Net Proceeds will be applied by the City to payment of the Purchase Price. Any balance of the Net Proceeds remaining after paying the Purchase Price will belong to the City.

In the Lease, the City acknowledges the provisions pertaining to eminent domain in the Base Lease. The Trustee and City agree that the terms of the Base Lease are incorporated in and made a part of the Lease to the same extent as if set forth in full at this point. These provisions will survive the termination of the Lease for any reason.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to above, and the City has not elected to purchase the Trustee's interest in the Leased Property, the City will complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds. If the City makes any payments as provided in this paragraph, the City will not be entitled to any reimbursement therefor from the Trustee nor will the City be entitled to any diminution of Rent.

Purchase Option

The City may purchase the Trustee's interest in the Leased Property, upon giving written notice to the Trustee at least 45 days before the purchase date (unless a shorter notice is satisfactory to the Trustee), at the following times and on the following terms:

> (a) On or after March 1, 2020, upon payment in full of Rent Payments then due under the Lease plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term plus Interest Portions of Basic Rent accrued to the prepayment date with respect to the Series 2011A Certificates and the final maturity date with respect to the Series 2011B Certificates.
>
> (b) Upon deposit of moneys or Government Obligations or both with the Trustee in accordance with the Indenture in the amount necessary to provide for the Basic Rent Payments until and on, and the Purchase Price calculated as described in (a) above on the Certificates, to the prepayment date for the Series 2011A Certificates, which will be on or after March 1, 2020, and the final maturity date for the Series 2011B Certificates.
>
> (c) In the event of substantial damage to or destruction or condemnation (other than condemnation by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Property, or as a result of changes in the Constitution of the State or legislative or administrative action by the State or the United States, the Base Lease or the Lease becomes unenforceable, on the date the City specifies as the purchase date in the City's notice to the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due under the Lease plus then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

Partial Prepayment

The City may prepay the Basic Rent Payments represented by the Series 2011 A Certificates in part, upon giving written notice to the Trustee at least 45 days before the prepayment date (unless a shorter notice is satisfactory to the Trustee), on any date occurring on or after March 1, 2020, at the prepayment price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such prepayment date.

The Principal Portion of Basic Rent prepaid pursuant to the provisions of the Lease will be in integral multiples of $5,000 and will be credited in such order of stated payment dates as is determined by the City. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter will be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion.

Assignment and Subleasing by the City

Except as provided in the Lease, none of the City's right, title and interest in, to and under the Base Lease, the Lease and in the Leased Property may be assigned or encumbered by the City for any reason; except that the City may sublease any one or more parts of the Leased Property if the City obtains an Opinion of Special Tax Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Leased Property shall be subject to the Base Lease, the Lease and the rights of the Trustee in, to and under the Base Lease, the Lease and the Leased Property. Notwithstanding anything to the contrary contained in the Lease, the Trustee acknowledges that Special Tax Counsel has reviewed the District Sublease and the Assignment of Sublease and that the City may enter into the District Sublease and the Assignment of Sublease without obtaining the Opinion of Special Tax Counsel referenced above and without further consent of the Trustee. However, the City will need to obtain the Opinion of Special Tax Counsel referenced above and the consent of the Trustee before entering into any amendment to the District Sublease or the Assignment of Sublease.

Notwithstanding any provision of the Lease or the Declaration of Trust to the contrary, the District Sublease may be terminated by the City, or by the Trustee as assignee of the City, only in accordance with the provisions of the District Sublease.

The District and the Trustee shall enter into a Consent, Non-Disturbance and Attornment Agreement which will provide that, if the Lease is terminated because of an Event of Default or Event of Nonappropriation by the City following all applicable notice and cure periods, the Trustee shall continue to lease the Facilities to the District under the terms of the District Sublease so long as the District is not in default thereof.

Events of Default

Any of the following will constitute an "Event of Default" under the Lease:

(a) Failure by the City to pay Basic Rent pursuant to the Lease;

(b) Failure by the City to make any Supplemental Rent Payment when due and the continuance of such failure for 10 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee unless the Trustee will agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the City in or pursuant to the Base Lease, the Tax Compliance Agreement or the Lease or the execution, delivery or performance thereof proves to have been false, incorrect or misleading or breached in any material respect on the date when made;

(e) Any provision of the Base Lease or the Lease at any time for any reason ceases to be valid and binding on the City, or is declared to be null and void, or the validity or enforceability thereof is contested by the City or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The City becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the City or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the City and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

Failure of the City to comply with the Continuing Disclosure Undertaking will not be an Event of Default under the Lease.

Remedies on Default

Whenever any Event of Default under the Lease exists, the Trustee will have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the City, the Trustee may declare all Rent payable by the City under the Lease to the end of the then-current Original Term or Renewal Term to be due;

(b) With or without terminating the Lease, the Trustee may, take possession of the Leased Property (in which event the City will take all actions necessary to authorize, execute and deliver to the Trustee for the remainder of the Trustee's leasehold term under the Base Lease all documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term under the Base Lease all of the City's interest in the Leased Property, subject to Permitted Encumbrances), and sell the Trustee's interest in the Leased Property or lease the Leased Property or, for the account of the City, sublease the Leased Property and continue to hold the City liable for the difference between (1) the Rent payable by the City under the Lease for the then-current Original Term or Renewal Term, as the case may be, and (2) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Leased Property and all brokerage, auctioneers and attorney's fees);

(c) The Trustee may terminate any rights the City may have in any moneys held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Leased Property and under the Lease.

SUMMARY OF THE SUBLEASE

General

The Sublease has been entered into between the City and the District and contains the terms and conditions under which the Facilities will be leased to and used by the District.

Lease Term

The Sublease Original Term will terminate the last day of the District's current Fiscal Year. The Sublease Term may be continued, solely at the option of the District, at the end of the Sublease Original Term or any Sublease Renewal Term for an additional one year, provided that the final Renewal Term shall not extend beyond March 1, 2036. At the end of the Sublease Original Term and at the end of each Sublease Renewal Term, unless the District has terminated the Sublease and for no other reason, the District will be deemed to have exercised its option to continue the Sublease for the next Sublease Renewal Term. The terms and conditions during any Sublease Renewal Term will be the same as the terms and conditions during the Sublease Original Term, except for any difference in the Facilities Rent as provided in the Sublease.

The District may, at its option, continue the Sublease for a Sublease Extended Renewal Term following the expiration of the final Sublease Renewal Term described in the Sublease or any Sublease Extended Renewal Term, provided that the final Sublease Extended Renewal Term will not extend beyond March 1, 2046. The terms and conditions during any Sublease Extended Renewal Term will be the same as the terms and conditions during the Sublease Original Term or any Sublease Renewal Term, except that (a) Facilities Basic Rent during the first Sublease Extended Renewal Term shall be $10,000 and (b) Facilities Basic Rent during each successive Sublease Extended Renewal Term shall be equal to $10,000 plus a percentage equal to the percentage increase in the Midwest All Urban Consumer Price Index for the preceding year. Such amounts shall be payable each March 1.

Continuation of Sublease Term by the District

The District reasonably believes that legally available funds in an amount sufficient to make all payments of Facilities Rent for the Sublease Original Term and each of the Sublease Renewal Terms will be available for such purposes. The District further covenants that its responsible financial officer will do all things lawfully within its power to obtain and maintain funds from which the Facilities Rent may be paid for the Sublease Original Term and all Sublease Renewal Terms and will make provisions for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend the Sublease for any Sublease Renewal Term is to be made in accordance with the District's normal procedures for such decisions by the then-current governing body of the District.

Nonappropriation

The District is obligated only to pay periodic payments under the Sublease as may lawfully be made from District Available Revenues. If an Event of Nonappropriation occurs, the Sublease will be deemed terminated at the end of the then-current Sublease Original Term or Sublease Renewal Term. An "Event of Nonappropriation" will be deemed to have occurred if the District fails to budget, appropriate or otherwise provide for sufficient funds to pay Facilities Basic Rent and any reasonably anticipated Facilities Supplemental Rent to come due during the immediately following Sublease Renewal Term. The District agrees to deliver notice to the Trustee and the City of such termination promptly following the District's approval of a budget for the next succeeding Fiscal Year, but failure to give such notice will not extend the term beyond such Sublease Original Term or Sublease Renewal Term. If the Sublease is terminated in accordance with its provisions, the District agrees peaceably to transfer and surrender possession of the Facilities to the City or the Trustee, as the Trustee may direct.

Enjoyment of Facilities

The City represents that it has full power and authority to enter into the Sublease. So long as no Event of Default has occurred, the District's quiet and peaceable enjoyment of the Facilities shall not be disturbed by the City or by anyone claiming through the City, except as expressly set forth in the Sublease. The District may use the Facilities for any essential governmental or proprietary purpose of the District, subject to the limitations contained in the Sublease.

Notwithstanding any other provision in the Sublease, the City will have no responsibility to cause the Facilities to be constructed or to maintain, repair or insure the Facilities. The District will comply with all statutes, laws, resolutions, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Facilities, as to the manner and use or the condition of the Facilities. The District will also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Sublease. The District will pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the District to comply with these provisions. Notwithstanding the foregoing, however, the District may, at its own cost and expense, contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, resolution, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the District may refrain from complying therewith, if the District furnishes, on request, to the Trustee and the City, at the District's expense, indemnity satisfactory to the Trustee and the City.

Notwithstanding any other provision in the Sublease, the City and the District agree that the Facilities shall be made available for up to four meetings and/or events per year, as requested by the City Council, without charge and upon reasonable notification to the District. Subject to availability and upon timely requests made by or through the City to the District, rooms within the Facilities will also be available for community meetings, service clubs and charitable activities at a reasonable cost commensurate with the District's actual cost of operation of the Facilities.

Facilities Basic Rent

The District will promptly pay all Facilities Basic Rent to the Trustee, as assignee of the City under the Assignment of Sublease, or, if the Series 2011 Certificates are no longer outstanding, to the City, subject to the District's right to terminate the Sublease as described under the headings **"Nonappropriation"** and **"Rent Payments to Constitute a Current Expense and Limited Obligation of the District,"** in lawful money of the United States of America on each Facilities Basic Rent Payment Date. Subject to the limitations set forth under the caption **"Rent Payments to Constitute a Current Expense and Limited Obligation of the District**," the District will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the District's current Fiscal Year to make the payment of the Facilities Rent scheduled to come due during the Sublease Original Term, and to meet its other obligations for the Sublease Original Term, and such funds will not be expended for other purposes. Notwithstanding anything to the contrary contained in the Sublease, the District shall receive a credit toward Facilities Basic Rent for any excess funds in the District Project Account that are transferred to the Lease Revenue Fund (as such terms are defined in the Declaration of Trust), as described in the Lease.

Facilities Supplemental Rent

The District will pay, subject to its right to terminate the Sublease as described under the headings **"Nonappropriation"** and **"Rent Payments to Constitute a Current Expense and Limited Obligation of the District,"** as Facilities Supplemental Rent (a) all Impositions (as defined under the heading "**Impositions**"); (b) all amounts required and all other payments that the District has agreed to pay or assume under the Sublease; (c) all expenses, including attorneys' fees and expenses to the extent permitted by law, incurred by the Trustee or the City in connection with the enforcement of any rights under the Lease or the Sublease; (d) a pro rata share of all fees, charges and expenses of the Trustee as further provided in the Lease; (e) on the first six Facilities Basic Rent Payment Dates only, an amount equal to one-sixth of the maximum annual Facilities Basic Rent, which shall be held in trust by the Trustee and used only for the purposes of (1) paying Basic Rent due under the Lease if there is an Event of Default or an Event of Nonappropriation under the Sublease or (2) paying or prepaying Facilities Basic Rent on behalf of the District, but only if such amounts held in trust, together with any interest earnings thereon, are sufficient to pay the Facilities Purchase Price due under the Sublease; and (f) a pro rata share of all trustee, rebate and other bond compliance costs incurred by the City in association with the Series 2011 Certificates (including any obligations issued to refund or refinance the Series 2011 Certificates).

Rent Payments to Constitute a Current Expense and Limited Obligation of the District

Notwithstanding any other provision of the Sublease, the City and the District understand and intend that the obligation of the District to pay Facilities Rent under the Sublease be limited to payment from District Available Revenues and will constitute a current expense of the District and will not in any way be construed to be a debt of the District in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the District, nor will anything contained in the Sublease constitute a pledge of the general tax revenues, funds or moneys of the District, and all provisions of the Sublease will be construed so as to give effect to such intent.

Net Lease; Rent Payments to be Unconditional

The Sublease is intended to be net, net, net to the City. Subject to the District's right to terminate the Sublease as described under the headings **"Nonappropriation"** and **"Rent Payments to Constitute a Current Expense and Limited Obligation of the District,"** and the obligations of the District to make payment of the Facilities Rent Payments and to perform and observe the other covenants and agreements contained therein will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, for any reason, including any failure of the Facilities to be constructed or installed, any defects, malfunctions, breakdowns or infirmities in the Facilities or any accident, condemnation or unforeseen circumstances.

Nothing in the Sublease will be construed as a waiver by the District of any rights or claims the District may have against the City under the Sublease or otherwise, but any recovery upon such rights and claims will be from the City separately.

Acquisition, Construction and Installation

If the purchase, construction and installation of the Facilities or any portion thereof is delayed or fails to occur for any reason, there will be no diminution in or postponement of the payments to be made by the District under the Sublease.

Neither the Trustee nor the City is the agent or representative of the District, and the District is not the agent of the Trustee or the City, and the Sublease will not be construed to make the Trustee or the City liable to materialmen, contractors, subcontractors, craftsmen, laborers or others for goods or services delivered by them in connection with the acquisition, construction or equipment of the Facilities, or for debts or claims accruing to the aforesaid parties against the District. The Sublease will not create any contractual relation either expressed or implied between the Trustee or the City and any materialmen, contractors, subcontractors, craftsmen, laborers or any other person supplying any work, labor or materials in connection with the Facilities. Notwithstanding anything in the Sublease, the Lease or the Declaration of Trust to the contrary, during the Sublease Term, neither the Trustee nor the City will be deemed to exercise control over or be an operator or owner of the Facilities (or any portion thereof) or will be responsible or liable for the operation, use and maintenance of the Facilities.

Payment for Construction of the Facilities

The District shall submit requisition certificates executed by the Authorized District Representative, in the form attached to the Declaration of Trust, to the City to request payment for the Costs of Facilities Improvements. Within 5 Business Days from receipt, the City shall either (a) approve such certificates (as evidenced by the signature of the Authorized City Representative) and forward such certificate to the Trustee for payment or (b) return such certificate to the District with a written objection to any charges sought to be included as Costs for Facilities Improvements.

The District acknowledges that in making disbursements for the Costs of Facilities Improvements, the Trustee will be entitled to conclusively rely upon each written requisition certificate executed by the Authorized District Representative (and approved by the Authorized City Representative) without inquiry or investigation. It is understood that the Trustee will *not* make any inspections of the Facilities, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the construction or installation of the Facilities. The approval of each requisition certificate by the Authorized District Representative and the Authorized City Representative will constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the District Project Account have been completed.

Facilities Completion Date; Excess Funds

The Facilities Completion Date will be evidenced to the Trustee upon receipt by the Trustee of a certificate signed by the Authorized District Representative and the Authorized City Representative (the "Facilities Completion Certificate") stating (a) the date on which the Facilities were substantially completed, (b) that all other facilities necessary in connection with the Facilities have been purchased, constructed and installed, (c) that the Facilities have been purchased, constructed, made and installed in accordance with the plans and specifications therefor and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for the Costs of Facilities Improvements described in clause (e), all Costs of Facilities Improvements have been paid, and (e) the amounts, if any, to be retained in the District Project Account for the payment of Costs of Facilities Improvements, if any, not yet due or Costs of Facilities Improvements whose liability the District is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Facilities Completion Certificate may state that it is given without prejudice to any rights of the District that then exist or may subsequently come into being against third parties. Any amounts remaining in the District Project Account that are not needed to pay any remaining Costs of Facilities Improvements will be transferred pursuant to the Lease.

Disclaimer of Warranties

Neither the Trustee nor the City makes any warranty or representation, either express or implied, as to the value, design, condition or fitness for particular purpose or fitness for use of the Facilities or any part thereof, or warranty with respect thereto. In no event will the Trustee or the City be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease or the existence, furnishing, functioning or the District's use of the Facilities or any part thereof.

Deficiency of Project Fund

If the District Project Account is insufficient to pay fully all Costs of Facilities Improvements and to complete fully the Facilities lien free, the District will pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same becomes due. Neither the Trustee nor the City is obligated to pay or will be responsible for any such deficiency, and the District will save the Trustee and the City whole and harmless from any obligation to pay such deficiency. The District's obligation to pay any such deficiency will be limited to its current budgeted appropriations for the Facilities, and the District will have no obligation to appropriate additional funds therefor and may reduce the scope or size of the Facilities to reduce or eliminate such deficiency.

Impositions

The District will bear, pay and discharge, before the delinquency thereof, as Facilities Supplemental Rent, all taxes and assessments, general and special, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of or allocable to the Facilities, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, that if not paid when due would impair the security of the Trustee or the interest of the City or encumber any part of the Facilities (all of the foregoing being herein referred to as "Impositions").

Contest of Impositions

The District will have the right, in its own name or in the City's name, to contest the validity or amount of any Imposition that the District is required to bear, pay and discharge by appropriate legal proceedings instituted at least ten days before the contested Imposition becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee or the City notifies the District that, in the Opinion of Counsel, by nonpayment of any such items the interest of the Trustee or of the City in the Facilities or any part thereof will be endangered or subject to loss or forfeiture, in which event the District will promptly pay such taxes, assessments or charges or provide the Trustee and the City with full security against any loss that may result from nonpayment in form satisfactory to the Trustee and the City. The City agrees to cooperate with the District in connection with any and all administrative or judicial proceedings related to Impositions, including enlisting the cooperation of the Trustee under the Lease. The District will hold the Trustee and the City whole and harmless from any costs and expenses either may incur with respect to any Imposition.

Insurance

The District will, during the Sublease Term, obtain and maintain at its expense, the same types of insurance in the same amounts as the City is required to maintain with respect to the Facilities under the Lease, naming the Trustee and the City in the manner required of the City in the Lease. If the City chooses to obtain property insurance as required by the Lease for the entire Project, then upon notice, and in lieu of obtaining and maintaining such insurance independently, the District will pay to the City as Facilities Supplemental Rent the portion of premiums and costs allocable to the Facilities.

Nothing in the Sublease will be construed as preventing the District from satisfying the insurance requirements set forth in the Sublease by using blanket policies of insurance or self-insurance provided each and all of the requirements and specifications of the Sublease respecting insurance are complied with.

The District may elect to be self–insured (for liability only) for all or any part of the requirements of under this heading**,** if (a) the maintenance of a separate segregated self-insurance trust fund funded in an amount determined (initially and on at least an annual basis) by an independent actuary employing accepted actuarial techniques, and (b) the establishment and maintenance of a claims processing and risk management program. No later than 120 days after the end of each District Fiscal Year, the District shall cause an independent actuary to submit a written report to the City setting forth a determination, employing accepted actuarial techniques, of an adequate amount of reserves to be maintained in the District's self insurance trust fund. The District shall immediately deposit any amount necessary to cause the self insurance trust fund to be funded in the amount determined by the actuary. The District may not self-insure against casualty losses to any real or personal property owned, leased or used by it, including plant, property and equipment.

Maintenance and Modification of Leased Property by the District

The District will at its own expense (a) keep the Facilities in a safe condition, (b) with respect to the Facilities, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Facilities in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; to the same extent the City is required to do so by the Lease, provided, however, that the District will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Facilities, the maintenance, repair, replacement or renewal of which becomes uneconomical to the District because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The District will not permit or suffer others to commit a nuisance in or about the Facilities or itself commit a nuisance in connection with its use or occupancy of the Facilities. The District will pay all costs and expenses of operation of the Facilities.

The District may, also at its own expense, make from time to time any additions, modifications or improvements to the Facilities that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Facilities. All additions, modifications or improvements made by the District will (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Facilities.

During the Sublease Term, the Facilities will be used by the District only for the purpose of performing essential governmental or proprietary functions of the District consistent with the permissible scope of the District's authority.

Damage, Destruction and Condemnation

The District will bear the risk of loss with respect to the Facilities during the Sublease Term. If (a) the Facilities or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Facilities or any part thereof will be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the District will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Facilities, unless the District has exercised its option to purchase the Facilities by making payment of the Facilities Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed will be paid to the District and will be held and appropriated by the District for the exclusive purpose of paying Facilities Rent.

If the District determines that the repair, restoration, modification or improvement of the Facilities is not economically feasible or in the best interest of the District, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the District will promptly purchase the Facilities pursuant to the District's option to purchase the Facilities by paying the Facilities Purchase Price. The Net Proceeds will be applied by the District to payment of the Facilities Purchase Price. Any balance of the Net Proceeds remaining after paying the Facilities Purchase Price will belong to the District.

The District acknowledges the provisions pertaining to eminent domain in the Base Lease. The City and the District agree that the terms pertaining to eminent domain in the Base Lease are and will be incorporated in and made a part of the Sublease to the same extent as if set forth in full at this point. The provisions pertaining to eminent domain will survive the termination of the Sublease for any reason.

Purchase Option

By the terms of the Declaration of Trust and the Lease, the District has the option to purchase the Facilities, upon giving written notice to the City at least 30 days before the date of purchase, at the following times and on the following terms:

(a) On or after March 1, 2020 while the Series 2011 Certificates are outstanding, upon payment in full of Facilities Rent Payments then due under the District Sublease plus a Facilities Purchase Price equal to 100% of the remaining Principal Portions of Facilities Basic Rent for the maximum Sublease Term, plus Interest Portions of Facilities Basic Rent accrued to the prepayment date; or at any time upon deposit of moneys or Government Obligations or both with the Trustee in the amount necessary to provide for the Facilities Rent Payments until and on, and the Facilities Purchase Price calculated as described in the preceding clause, to the prepayment date, which will be on or after March 1, 2020; plus in each case all actual costs incurred by the City associated with such transfer.

(b) After all Series 2011 Certificates and any certificates of participation or other lease obligations used to refund the Series 2011 Certificates have been retired, but no later than December 31, 2046, the District may purchase the Facilities from the City at a cost of $1,000, plus all actual costs incurred by the City associated with such transfer. Upon receipt of such funds, the City shall transfer fee title to the Facilities and the Real Property to the District.

(c) In the event of substantial damage to or destruction or condemnation (other than condemnation by the District or any entity controlled by or otherwise affiliated with the District) of, or loss of title to, substantially all of the Facilities, or as a result of changes in the Constitution of the State or legislative or administrative action by the State or the United States, the Base Lease, the Lease or the Sublease becomes unenforceable, on the date the District specifies as the purchase date in the District's notice to the City of its exercise of the purchase option, upon payment in full of the Facilities Rent Payments then due under the Lease plus then remaining Principal Portions of Facilities Basic Rent for the maximum Sublease Term, plus Interest Portions of Facilities Basic Rent accrued to the prepayment date.

Partial Prepayment

The District will have the option to prepay the Facilities Basic Rent Payments in part, at any time. The City shall credit any such partial prepayments against the remaining Facilities Basic Rent Payments.

Assignment and Subleasing by the City

Except as expressly provided in the Lease, none of the District's right, title and interest in, to and under the Sublease and in the Facilities may be assigned or encumbered by the District for any reason without the prior permission of the City. Except for Permitted Encumbrances (as defined in the Lease), the City shall not cause any encumbrance to be recorded against the Leased Property during the term of the Sublease.

Events of Default

Any of the following will constitute an "Event of Default" under the Sublease:

(a) Failure by the District to pay Facilities Basic Rent at the time specified therein;

(b) Failure by the District to make any Facilities Supplemental Rent Payment when due and the continuance of such failure for ten days after written notice specifying such failure and requesting that it be remedied is given to the District by the Trustee or the City;

(c) The District by act or omission causes a default under the Lease and such default, if curable, is not cured within the time, if any, permitted for a cure under the Lease;

(d) The District abandons the Facilities during the Sublease Term;

(e) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) or (c) or (d) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the District by the City, unless the City will agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period and an extension of time will not cause a default under the Lease (or is consented to by the Trustee), the City will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected;

(f) Any statement, representation or warranty made by the District in or pursuant to the Sublease or the Tax Compliance Agreement or the execution, delivery or performance of either of them proves to have been false, incorrect, misleading or breached in any material respect on the date when made;

(g) Any provision of the Sublease at any time for any reason ceases to be valid and binding on the District, or is declared null and void, or the validity or enforceability thereof is contested by the District or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(h) The District becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the District or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the District or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the District or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the District, is consented to or acquiesced in by the District or is not dismissed within 60 days.

Failure of the District to comply with the Continuing Disclosure Undertaking will not be an Event of Default under the Sublease.

Remedies on Default

The City shall not terminate the Sublease without the consent of the Trustee. Whenever any Event of Default exists, the City will have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) The City may exercise any remedy against the District that the Trustee may exercise against the City for a default by the City under the Lease;

(b) By written notice to the District, the City may declare all Facilities Rent payable by the District under the Lease to the end of then-current Sublease Original Term or Sublease Renewal Term to be due;

(c) The City may take action to cause the Trustee to terminate any rights the District may have in any moneys held by the Trustee under the Declaration of Trust;

(d) Terminate any rights the District may have in any moneys held by the City as described under the heading "**Facilities Supplemental Rent**"; and

(e) The City may take whatever action at law or in equity necessary or desirable to enforce its rights in the Facilities and under the Sublease.

SUMMARY OF THE BASE LEASE

Generally

The City and the Trustee have entered into the Base Lease under which the City leases the Real Property (subject to Permitted Encumbrances) to the Trustee for the rentals and upon the terms and conditions set forth therein.

Term

The term of the Base Lease commences from the date of delivery, and ends on March 1, 2056, unless extended or terminated as provided therein.

Rental

As and for rental under the Base Lease and in consideration for the leasing of the Real Property to the Trustee, the Trustee will take the following actions: (a) simultaneously with the delivery of the Base Lease, enter into the Lease; (b) simultaneously with the delivery of the Base Lease, pay to the City the sum of $10.00 and provide such other consideration as the Trustee and City may agree; and (c) deposit funds in the amount and in the Funds established and as set forth in the Declaration of Trust.

Assignments and Subleases

The Trustee will hold the Base Lease and its rights thereunder for the benefit of Owners of the Certificates. The Trustee and its assigns may assign the Base Lease and its rights thereunder or lease or sublease the Leased Property without the written consent of the City (a) in connection with any assignment of its rights under the Lease, (b) if the Lease is terminated for any reason, or (c) if any Event of Default under the Lease has occurred.

Termination

The Base Lease will terminate at the end of its stated term; provided, however, that if the City pays the Purchase Price or all of the Rent Payments pursuant to the Lease and exercises its option to purchase the Trustee's interest in the Leased Property, then the Base Lease will be considered assigned to the City and terminated through merger of the leasehold interest under the Base Lease with the fee interest of the City if the City is the owner of the fee interest.

SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING

Definitions

The following terms have the following meanings, in addition to capitalized terms defined elsewhere:

"Annual Report" means any Annual Report filed by the City or the District, as applicable, pursuant to, and as described in the Continuing Disclosure Undertaking.

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

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at emma.msrb.org.

"Fiscal Year" means (a) with respect to the City, the 12-month period beginning on April 1 and ending on March 31 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes and (b) with respect to the District, the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the District as the Fiscal Year of the District for financial reporting purposes

"Material Events" means any of the events listed the Continuing Disclosure Undertaking.

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

"Participating Underwriter" means the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports

The City and the District will each, not later than 180 days after the end of each entity's respective Fiscal Year, beginning with the City Fiscal Year ending March 31, 2012 and the District Fiscal Year ending June 30, 2011, file with the MSRB, through EMMA, (a) its audited financial statements for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles (or if not available as of such date, the unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Series 2011 Certificates, and as soon thereafter as available such audited financial statements will be filed in the same manner as the Annual Report), and (b) certain financial information and operating data, as described in the Continuing Disclosure Undertaking, contained in (1) for the City, Appendix A of the final Official Statement, and (2) for the District, Appendix C of the final Official Statement.

Any or all of the financial information required by the Continuing Disclosure Undertaking may be included by specific reference to other documents, including official statements of debt issues with respect to which the City or the District is an "obligated person," which have been filed with the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City and the District will clearly identify each such other document so included by reference.

Reporting of Material Events

No later than 10 business days after the occurrence of any of the following events, the City and the District shall give or cause to be given, to the MSRB through EMMA notice of the occurrence of any of the following events with respect to the Series 2011A Certificates:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570-TEB) or other material notices or determinations with respect to the tax status of the Series 2011A Certificates or other material events affecting the tax status of the Series 2011A Certificates;
(7) modifications to rights of certificate holders, if material;

(8) Certificate calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution or sale of property securing repayment of the Series 2011A Certificates, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the City or the District;
(13) the consummation of a merger, consolidation, or acquisition involving the City or the District or the sale of all or substantially all of the assets of the City or the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) appointment of a successor or additional trustee or the change of name of the bond trustee, if material; and
(15) the occurrence of an Event of Nonappropriation under the Lease or the Sublease.

Termination of Reporting Obligation

The City's and the District's obligations under the Continuing Disclosure Undertaking will terminate upon the defeasance, prior prepayment or payment in full of all of the Series 2011 Certificates.

Amendment; Waiver

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the City and the District may amend the Continuing Disclosure Undertaking and any provision of the Continuing Disclosure Undertaking may be waived, provided that Special Tax Counsel or other counsel experienced in federal securities law matters provides the City and the Dissemination Agent with its written opinion that the undertaking of the City contained in the Continuing Disclosure Undertaking, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Undertaking. If a provision of the Continuing Disclosure Undertaking is amended or waived, the City and the District will describe such amendment or waiver in the next Annual Report and will 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 City or the District.

Additional Information

Nothing in the Continuing Disclosure Undertaking shall be deemed to prevent the City or the District from disseminating any other information, or including any other information in any report or notice made under the Lease, in addition to that which is required by the Continuing Disclosure Undertaking. If the City or the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by the Continuing Disclosure Undertaking, neither the City nor the District shall have any obligation to update such information or include it in any future report or notice.

Default

If the City or the District fails to comply with any provision of the Continuing Disclosure Undertaking, any Participating Underwriter or Beneficial Owner of the Series 2011 Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking. A default under the Continuing Disclosure Undertaking shall not be an event of default under the Declaration of Trust, the Base Lease, the Lease or the Sublease, and the sole remedy under the Continuing Disclosure Undertaking if the City or the District fails to comply with the Continuing Disclosure Undertaking shall be an action to compel performance.

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

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APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (**"DTC"**), New York, New York, will act as securities depository for the Series 2011 Certificates. The Series 2011 Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each series of the Series 2011 Certificates in the aggregate principal amount of such issue.

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 2011 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2011 Certificate (**"Beneficial Owner"**) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, 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 interests in the Series 2011 Certificates 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 Series 2011 Certificates, except in the event that use of the book-entry system for the Series 2011 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2011 Certificates deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Certificates 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 2011 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011 Certificates 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 2011 Certificates 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. (nor such other DTC nominee) will consent or vote with respect to Series 2011 Certificates. Under its usual procedures, DTC mails an Omnibus Proxy 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 2011 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2011 Certificates will be made to Cede & Co. or such other name as requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other name as requested by an authorized representative of DTC, is the responsibility of the City or the Trustee, 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.

DTC may discontinue providing its services as securities depository with respect to the Series 2011 Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2011 Certificates are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2011 Certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Underwriter believes to be reliable, but the City and the Underwriter takes 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 Participant, as the case may be.

APPENDIX G

REGISTRATION AND TRANSFER OF SERIES 2011 CERTIFICATES

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APPENDIX G

REGISTRATION AND TRANSFER OF SERIES 2011 CERTIFICATES

If the Book-Entry-Only System is discontinued the following provisions would apply. The Series 2011 Certificates are transferable only upon the Register upon presentation and surrender of the Series 2011 Certificates, together with instructions for transfer. The Series 2011 Certificates may be exchanged for other Series 2011 Certificates of any denomination authorized by the Declaration of Trust in the same aggregate principal amount, series, payment date and interest rate, upon presentation to the Trustee, subject to the terms, conditions and limitations and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.