

# KANSAS REGISTER



State of Kansas

**BILL GRAVES**  
Secretary of State

Vol. 7, No. 30

July 28, 1988

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## State of Kansas

## LEGISLATURE

## INTERIM COMMITTEE SCHEDULE

The following committee meetings have been scheduled during the period of August 1 through August 14:

Date	Room	Time	Committee	Agenda
August 3	527-S	10:00 a.m.	Special Committee on Commercial and Financial Institutions	3rd: Hearings on Proposal No. 9— Trust Departments.
August 4	526-S	9:00 a.m.		4th: Hearings on Proposal No. 11—Funding an Accident and Health Assigned Risk Plan.
August 4	527-S	10:00 a.m.	Legislative Budget Committee	4th: Staff reports on Proposals No. 25, 26, and 27.
August 5	527-S	after L.C.C. meeting		5th: Staff report on Proposal No. 28.
August 5	519-S	9:00 a.m.	Legislative Coordinating Council	Legislative matters.
August 8	522-S	10:00 a.m.	Special Committee on Local Government	Hearings on Proposal No. 34—Privatization.
August 9	522-S	9:00 a.m.		
August 9	519-S	10:00 a.m.	Special Committee on Economic Development	Agenda unavailable.
August 10	519-S	9:00 a.m.		
August 11	519-S	10:00 a.m.	Special Committee on Assessment and Taxation	Agenda unavailable.
August 12	519-S	9:00 a.m.		
August 11	529-S	10:00 a.m.	Commission on Access to Services For the Medically Indigent and Homeless	Agenda unavailable.
August 12	529-S	9:00 a.m.		

The following change has been made in committee officers on the Joint Committee on State Building Construction. The chairman is Senator Joseph Harder and the Vice-Chairman is Representative Phil Kline.

WILLIAM R. BACHMAN  
Director of Legislative  
Administrative Services

Doc. No. 006834

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Phone: (913) 296-3489

## State of Kansas

**SOCIAL AND REHABILITATION SERVICES****NOTICE OF MEETING**

The Department of Social and Rehabilitation Services will meet at 9 a.m. Tuesday, August 9, in the SRS Staff Development Training Center, 300 S.W. Oakley, Topeka.

The scheduled agenda includes reports from SRS commissioners, report of general conclusions regarding fiscal year 1990-1991 budgets, and other items as necessary.

The public is invited to this meeting. Telephone hook-ups are provided at the following locations of Social and Rehabilitation Services offices: Chanute, Emporia, Garden City, Hays, Hiawatha, Hutchinson, Junction City, Kansas City, Lawrence, Olathe, Osawatimie, Parsons, Pittsburg, Pratt, Salina, Topeka (area office and Docking State Office Building), Wichita and Winfield.

WINSTON BARTON  
Secretary of Social and  
Rehabilitation Services

Doc. No. 006842

## State of Kansas

**ATTORNEY GENERAL****Opinion No. 88-101**

**Laws, Journals and Public Information—Records Open to Public—Identity of Patients Transported by Emergency Medical Vehicles—Physician-Patient Privilege.** Richard Sanborn, Mulvane City Attorney, Wichita, July 14, 1988.

The records of a city-run emergency medical service are public records under the Kansas open records act (KORA). The names of persons transported by such a service are subject to disclosure under the act. This information is not confidential subject to the physician-patient privilege. If a public record contains material not subject to disclosure, the public agency must separate or delete the materials and make available the information which is subject to disclosure. Cited herein: K.S.A. 45-215; 45-216; 45-217; K.S.A. 1987 Supp. 45-221; K.S.A. 60-427; 5 U.S.C. § 552. RLN

**Opinion No. 88-102**

**Minors—Changes Made to Minors' Birth Certificates—Necessity of Parental Consent When Both Parents of Minor are not Available.** Dr. Stanley C. Grant, Secretary, Department of Health and Environment, Topeka, July 14, 1988.

The procedure for amending a birth certificate to add or correct the name of a parent or to change the name of a child to that of a parent is intended to reconcile a birth certificate with the facts which existed at the time the certificate was issued. The statute generally requires participation of both parents in the proceeding. However, on a case-by-case basis, an individual who is a single

parent because of death or lack of acknowledgment of the other parent may proceed under that section if doing so does not broaden application of the statute, conflict with other statutes, or infringe on the interest of the absent parent. Cited herein: K.S.A. 38-1115, 38-1130, 60-1402, 65-2422a, 65-2422c, K.S.A. 1987 Supp. 77-201 *Third*; K.A.R. 28-17-20; L. 1986, ch. 157. MWS

**Opinion No. 88-103**

**Elections—Sufficiency of Petitions—Petition Documents; Withdrawal of Signature.** Dale W. Bell, Emporia City Attorney, Emporia, July 14, 1988.

Under the provisions of subsection (d) of K.S.A. 25-3602, any person who has signed a petition who desires to withdraw his name may do so by giving written notice to the county election officer or other designated official not later than the third day following the date upon which the petition is filed. In our opinion, the written notice of withdrawal is subject to the verification requirement imposed by subsection (c) of K.S.A. 25-3602. Cited herein: K.S.A. 25-3601; 25-3602. TRH

**Opinion No. 88-104**

**Mentally Ill, Incapacitated, Dependent Persons—Social Welfare—Powers and Duties of Secretary of Social and Rehabilitation Services; KanWork Program.** Representative George Teagarden, 12th District, La Cygne, July 19, 1988.

The purpose and intent of the legislature governs when that intent can be ascertained from the statute. 1988 Senate Bill No. 572 (L. 1988, ch. 31, § 3), and 1988 House Bill No. 2644 (L. 1988, ch. 141) allow the Secretary of Social and Rehabilitation Services to establish the KanWork program and use funds appropriated for that program. These enactments do not prohibit or limit participation to certain counties. Thus, the legislature has granted to the Secretary of SRS authority to decide in which counties to establish the KanWork program. Absent proof that the secretary's decision is fraudulent, arbitrary or capricious, Barton County may participate in the program. Cited herein: K.S.A. 39-708c; 39-710; 1988 Senate Bill No. 752, L. 1988, ch. 31, § 3; 1988 House Bill No. 2644, L. 1988, ch. 141. TMN, RLN

**Opinion No. 88-105**

**Elections—Voting Machines—Voting Machine Requirements; "Write-in" Votes.** Bill Graves, Secretary of State, Topeka, July 19, 1988.

A voting machine meets the requirement of providing facilities for write-in votes if it provides a keyboard on which a voter may "type" a write-in candidate's name. Cited herein: K.S.A. 25-1307; 25-1308; 25-1310; 25-1330. RLN

ROBERT T. STEPHAN  
Attorney General

Doc. No. 006848

State of Kansas  
**DEPARTMENT OF TRANSPORTATION**  
**NOTICE TO CONTRACTORS**

Sealed proposals for the construction of road and bridge work in the following Kansas counties will be received at the office of the Chief of Construction and Maintenance, K.D.O.T., Topeka, until 10 a.m. C.D.T. August 18, 1988, and then publicly opened:

**DISTRICT ONE—Northeast**

**Doniphan—20-22 K-3446-01—K-20, 2.3 miles east of the Brown-Doniphan county line, culvert. (State Funds)**

**Douglas—23 C-2614-01—County road, 2.0 miles west and 3.0 miles south of Eudora, then south, 3.0 miles, grading. (Federal Funds)**

**Jackson—43 C-2672-01—County road, 1.0 mile east and 0.5 mile south of the junction of U.S. 75 and K-116, 0.5 mile, grading and bridge. (Federal Funds)**

**Marshall—58 C-1996-01—County road, 4.0 miles north of Frankfort, then east, 0.1 mile, bridge replacement. (Federal Funds)**

**Marshall—58 C-1997-01—County road, 4.0 miles north and 3.0 miles east of Frankfort, then east, 0.1 mile, bridge replacement. (Federal Funds)**

**Wyandotte—32-105 K-3044-01—K-32 and 102nd Street (9th Street) in Edwardsville, intersection improvement. (Federal Funds)**

**DISTRICT TWO—Northcentral**

**Dickinson—21 C-2056-01—County road, 0.5 mile south and 0.6 mile east of Chapman, then east, 0.1 mile, bridge replacement. (Federal Funds)**

**Jewell—14-45 M-1515-01—K-14, bridge 17, 0.7 mile north of U.S. 36, slide repair. (State Funds)**

**McPherson—61-59 K-3480-01—K-61, from the Reno-McPherson county line northeast to the junction of K-16 and U.S. 81 alternate, 14.5 miles, milling. (State Funds)**

**Saline—135-85 K-3461-01—I-135 bridge 40, east lane over I-70, bridge painting. (State Funds)**

**DISTRICT THREE—Northwest**

**Ellis—26 C-2171-01—County road, 0.8 mile west and 8.6 miles south of Victoria, then south, 0.3 mile, bridge replacement. (Federal Funds)**

**Norton—69 C-2507-01—County road, 1.3 miles west and 0.6 mile south of Almena, then north, 0.2 mile, grading and bridge. (Federal Funds)**

**DISTRICT FOUR—Southeast**

**Bourbon—6 C-2594-01—County road, 4.0 miles east and 0.8 mile south of Xenia, 0.3 mile, grading and surfacing. (Federal Funds)**

**Chautauqua—10 C-2595-01—County road, 0.5 mile west of Elgin, 0.1 mile, grading and surfacing. (Federal Funds)**

**Chautauqua—10 C-2596-01—County road, 2.5 miles west of Elgin, 0.2 mile, grading and surfacing. (Federal Funds)**

**Crawford—19 C-1496-01—County road, 1.0 mile west of Frontenac, then west, 0.1 mile bridge replacement. (Federal Funds)**

**Labette—50 C-2239-01—County road, 2.5 miles north and 1.5 miles east of Mound Valley, then east, 0.2 mile, bridge replacement. (Federal Funds)**

**DISTRICT FIVE—Southcentral**

**Barton—56-5 U-1197-01—U.S. 56 (Santa Fe Drive) and Main in Ellinwood, traffic signal. (Federal Funds)**

**Sedgwick—15-87 K-3475-01—K-15, from the north city limits of Mulvane to the south city limits of Wichita except through Derby, 6.3 miles, patching. (State Funds)**

**Sedgwick—87 U-0851-01—Seneca Avenue at Arkansas River in Wichita, 0.1 mile, bridge repair. (Federal Funds)**

**Sumner—15-90 K-3614-01—K-15, from the junction of K-15 and K-53 northwest to the Sumner-Sedgwick county line, 0.1 mile, patching. (State Funds)**

**DISTRICT SIX—Southwest**

**Finney—156-28 U-1126-01—Intersections of Kansas Avenue with Main Street and 8th Street in Garden City, intersection improvement. (Federal Funds)**

**Ford—56-29 K-3445-01—U.S. 56, intersection of U.S. 56 and K-129 at the east edge of Dodge City, traffic signal. (Federal Funds)**

**Kearney—47 C-2619-01—County road, 0.5 mile north of Deerfield, then north, 0.1 mile, grading and bridge. (Federal Funds)**

Proposals will be issued upon request to all prospective bidders who have been prequalified by the Kansas Department of Transportation on the basis of financial condition, available construction equipment, and experience. Also, a statement of unearned contracts (Form No. 284) must be filed. There will be no discrimination against anyone because of race, age, religion, color, sex, handicap, or national origin in the award of contracts.

Each bidder shall file a sworn statement executed by or on behalf of the person, firm, association or corporation submitting the bid, certifying that such person, firm, association or corporation has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with the submitted bid. This sworn statement shall be in the form of an affidavit executed and sworn to by the bidder before a person who is authorized by the laws of the state to administer oaths. The required form of the affidavit will be provided by the state to each prospective bidder. Failure to submit the sworn statement as part of the bid-approval package will make the bid nonresponsive and not eligible for award consideration.

Plans and specifications for the projects may be examined at the office of the respective county clerk or at the K.D.O.T. district office responsible for the work.

**HORACE B. EDWARDS**  
 Secretary of Transportation

Doc. No. 006826

## State of Kansas

**KANSAS STATE UNIVERSITY****NOTICE TO BIDDERS**

Sealed bids for the item listed below will be received by the Kansas State University Purchasing Office, Manhattan, until 4 p.m. C.D.T. on the date indicated, and then will be publicly opened. Interested bidders may call (913) 532-6214 for additional information.

Monday, August 8, 1988

#90006

Liquid Scintillation Spectrometer System

WILLIAM H. SESLER  
Director of Purchasing

Doc. No. 006850

## State of Kansas

**EMERGENCY MEDICAL SERVICES BOARD**

**NOTICE OF HEARING  
ON PROPOSED  
ADMINISTRATIVE REGULATIONS**

A public hearing will be conducted at 1 p.m. Friday, September 2, in the Old Supreme Court Room, third floor, State Capitol, Topeka, to consider the adoption of proposed temporary rules and regulations of the Emergency Medical Services Board.

All interested parties may submit written comments prior to the hearing to the chairman of the Emergency Medical Services Board, 111 W. 6th, Topeka 66603. All interested parties will be given a reasonable opportunity at the hearing to present their views orally in regard to the adoption of the proposed regulations. In order to give all parties an opportunity to express their views, it may be necessary to request each participant to limit oral presentation to five minutes.

Following the hearing, all written and oral comments submitted by interested parties will be considered by the board as the basis for making changes to the proposed regulations.

A summary of K.A.R. 109-8-1, 109-9-1, 109-9-2, 109-9-3, 109-10-1, 109-11-1, 109-11-2, 109-11-3, 109-11-4, 109-11-5, 109-11-6, 109-11-7 and 109-11-8 follows. Copies of the regulations and the economic impact statement may be obtained from the board at the address above.

**109-8-1.** Establishes certification examinations for first responder and each level of attendant certification, and establishes minimum requirements for passing those examinations.

**109-9-1.** Establishes requirements for certification as an instructor/coordinator.

**109-9-2.** Authorizes instructor/coordinators to instruct and coordinate first responder, crash injury management technician and emergency medical technician programs and continuing education classes as approved by the board.

**109-9-3.** Establishes requirements for board endorsement to instruct and coordinate levels of training beyond those approved in K.A.R. 109-9-2.

**109-10-1.** Establishes curricula for first responder and all levels of attendant training.

**109-11-1.** Establishes requirements for first responder course approval.

**109-11-2.** Establishes requirements for crash injury management course approval.

**109-11-3.** Establishes requirements for emergency medical technician course approval.

**109-11-4.** Establishes requirements for emergency medical technician-intermediate course approval.

**109-11-5.** Establishes requirements for emergency medical technician-defibrillator course approval.

**109-11-6.** Establishes requirements for mobile intensive care technician course approval.

**109-11-7.** Establishes requirements for instructor/coordinator course approval.

**109-11-8.** Establishes requirements for successful completion of first responder or attendant training course.

IVAN SAND  
Chairman

Doc. No. 006847

## State of Kansas

**DEPARTMENT OF REVENUE**

**NOTICE OF HEARING  
ON PROPOSED  
ADMINISTRATIVE REGULATIONS**

A public hearing will be conducted at 10 a.m. Monday, August 29, in the office of the Kansas Department of Revenue, secretary's conference room, second floor, Robert B. Docking State Office Building, Topeka, to consider the adoption of a proposed permanent regulation of the Department of Revenue.

All interested parties may submit written comments prior to or at the hearing. All interested parties will be given a reasonable opportunity at the hearing to present their views orally on the adoption of the proposed regulation. This 30-day notice constitutes a public comment period for the purpose of receiving written public comments on the proposed permanent regulation.

The proposed regulation permanently revokes 92-19-80, which is temporarily revoked. The department is permanently revoking this regulation in order to further review sales tax application to advertising agencies and related businesses.

There is no economic impact associated with the implementation of this regulation because 92-19-80 has never been in effect.

Copies of the proposed regulation and economic impact statement may be obtained by contacting Melanie Caro, Legal Services Bureau, Kansas Department of Revenue, Robert B. Docking State Office Building, Topeka 66612-1588.

EDWARD C. ROLFS  
Secretary of Revenue

Doc. No. 006849

## State of Kansas

**STATE BANK COMMISSIONER  
STATE BANKING BOARD****NOTICE OF MEETING**

The State Banking Board will meet at 9:30 a.m. Monday, August 15, in the conference room of the State Banking Department, Suite 300, 700 Jackson, Topeka. The board reviews matters relating to its supervisory authority set forth in K.S.A. 9-1801 *et seq.*

W. NEWTON MALE  
State Bank Commissioner

Doc. No. 006833

## State of Kansas

**DEPARTMENT OF ADMINISTRATION  
DIVISION OF PURCHASES****NOTICE TO BIDDERS**

Sealed bids for the following items will be received by the Director of Purchases, Landon State Office Building, 900 S.W. Jackson, Room 102, Topeka, until 2 p.m. C.D.T. on the date indicated, and then will be publicly opened. Interested bidders may call (913) 296-2377 for additional information:

**Monday, August 8, 1988**

#27092-Supplement

University of Kansas, University of Kansas Medical Center, Wichita State University, and Kansas State University—BLOOD BANK AND RELATED PRODUCTS

#27166

Statewide—CORRECTIONAL OFFICER UNIFORM COMPONENTS

#27325

Department of Social and Rehabilitation Services—INFLUENZA VACCINE

#75239

Department of Administration, Division of Information Systems and Communications, and Department of Social and Rehabilitation Services—EMULATION BOARDS

#75240

Kansas Highway Patrol—SCALES AND TEST WEIGHTS, Pauline

#75254

Kansas Highway Patrol—BODY ARMOR

**Tuesday, August 9, 1988**

#A-5780

Youth Center at Topeka—REPLACE 2400-VOLT PRIMARY FEEDERS AND FLEXIBLE CONDUIT IN UTILITY TUNNEL

#75269

Youth Center at Topeka—VEHICLES

#75270

Topeka State Hospital—INSTITUTIONAL FURNITURE

#75288

Kansas State University—PORTABLE MICRO-COMPUTER AND ADDITIONAL HARDWARE AND SOFTWARE FOR COMPAQ MICROCOMPUTERS

#75354

Kansas State University—GRAIN

**Wednesday, August 10, 1988**

#A-5951 and A-5926

University of Kansas—REPLACEMENT WINDOWS, Pearson, Grace Pearson, Douthart Scholarship Halls

#27315

Statewide—OFFICE FURNITURE

#75287

Department of Administration, Division of Printing—TAX MAILER ENVELOPES

#75294

Department of Transportation—PLANT MIX, various locations

#75295

Department of Transportation—AGGREGATE, various locations

#75304

University of Kansas Medical Center—PHASED ARRAY IMAGING SYSTEM

#75305

Kansas State University—TAPE SUBSYSTEM W/SOFTWARE AND DUST ENCLOSURE

#75306

Department of Administration, Division of Printing—FINE PAPER

#75307

Kansas State University—PIANO (ELECTRIC)

#75308

Kansas State University—WORKSTATIONS

#75361

Kansas State University—FURNISH ALL LABOR AND MATERIALS TO REFURBISH POULTRY EQUIPMENT

**Thursday, August 11, 1988**

#25742

Kansas Highway Patrol—NEW OFFICERS' HATS AND RENOVATION SERVICE

#27580

Kansas state agencies—CEREALS

#75327

Kansas State University—FURNISH AND INSTALL AUTOMATIC SLIDING DOOR SYSTEM

#75328

University of Kansas Medical Center—THERAPEUTIC DUODENOSCOPE

#75329

Pittsburg State University—FURNISH ALL LABOR AND MATERIALS FOR BRICK REPAIR

**Friday, August 12, 1988**

#27524

University of Kansas—OCTOBER (1988) MEAT PRODUCTS

#75557

Kansas State University—SEPTEMBER (1988) MEAT PRODUCTS

#75355

University of Kansas—X.25 PACKET SWITCHES

Friday, August 19, 1988

#27847

Department of Corrections—SEX OFFENDER  
TREATMENT

#27848

Department of Corrections—ALCOHOL/DRUG  
TREATMENT

Monday, August 22, 1988

#27387

University of Kansas Medical Center and statewide—  
SYRINGES, NEEDLES, VACUTAINERS, AND  
RELATED ARTICLES (CLASS 11)

Wednesday, August 31, 1988

#27242

Department of Transportation—AUTOMOBILE  
LIABILITY INSURANCENICHOLAS B. ROACH  
Director of Purchases

Doc. No. 006841

**State of Kansas**  
**DEPARTMENT OF ADMINISTRATION**  
**DIVISION OF ARCHITECTURAL SERVICES**

**NOTICE OF COMMENCEMENT**  
**OF NEGOTIATIONS**  
**FOR TECHNICAL SERVICES**

Notice is hereby given of the commencement of negotiations for a contract for air and water balancing of the mechanical system and an infrared scan for the maintenance, laundry and supply facility at the State Reception and Diagnostic Center in Topeka.

Interested individuals or firms in the balancing field must be certified by the National Environmental Balancing Bureau or the Associated Air Balance Council. Said individuals or firms must be engaged in balancing work on a full-time basis. Balance agencies that are of the same parent company as the designers or contractors of a particular project will not be considered for that project. Submit qualifications with letter of interest.

Interested individuals or firms in the infrared scan field must be an independent testing company using trained aging/nel who work full time on infrared testing projects. Personnel shall be familiar with the operation of the infrared camera and capable of analyzing the results. The infrared survey shall be done with a Model No. 750 infrared camera as manufactured by AGA Corporation of Secaucus, New Jersey, or equal. Submit qualifications with letter of interest.

Any questions or expressions of interest should be directed to Myron Reed, Division of Architectural Services, 625 Polk, Topeka 66603, (913) 233-9367, prior to August 12.

EDWARD A. DE VILBISS, AIA  
Director, Division of  
Architectural Services

Doc. No. 006831

State of Kansas

**OFFICE OF THE**  
**SECURITIES COMMISSIONER**

**NOTICE OF HEARING**  
**ON PROPOSED**  
**ADMINISTRATIVE REGULATIONS**

A public hearing will be conducted from 9 to 9:30 a.m. Tuesday, August 30, at the office of the Securities Commissioner of Kansas, Suite 552, Landon State Office Building, 900 S.W. Jackson, Topeka, to consider the amendment of permanent regulations of the commissioner.

All interested parties may submit written comments prior to the hearing to the commissioner at the address above. All interested parties will be given a reasonable opportunity at the hearing to express their views orally in regard to adoption of the proposed amendments and revocations. Following the hearing, all written and oral comments submitted by interested parties will be considered by the commissioner as a basis for making any changes to the proposed amendments or revocations.

The following is a brief summary of the proposed amendments to the regulations and the anticipated fiscal impact:

**K.A.R. 81-3-2. Broker-dealer, investment adviser and agents; fees.** The proposed amendment to the regulation increases the renewal fees for broker-dealers, and the registration and renewal fees for agents and individual investment advisers. The proposed amendment sets rates within the new statutory maximum fee rate requirements under K.S.A. 1988 Supp. 17-1254(b), as amended by Session Law 1988, ch. 90, § 1.

The proposed amendment increases the renewal fees for broker-dealer and investment adviser firms from \$50 to \$100. It increases original and renewal registration fees for agents and individual investment advisers to \$20. Formerly, original registrations for such individuals were \$15 and renewal fees were \$10. Sole proprietor investment advisers who do not maintain custody of client securities or cash would pay rates specified for individual investment advisers.

The proposed amendment will have the economic impact of increasing fees paid by the regulated persons. The estimated impact on the agency, based on the volume of registrations for fiscal year 1988, is to increase the revenues collected by \$368,250. There is no determinable economic impact on the general public.

**K.A.R. 81-7-1. Statements of policy relating to registration of securities.** The proposed amendment corrects a typographical error which exists in K.A.R. 81-7-1(c)(4). This subsection states the conditions of waiver of the escrow requirements for "cheap stock." The correction deletes the word "not" from the introductory language of the subsection to conform the language to the originally intended meaning. There is no determinable fiscal impact of this amendment on this agency, businesses regulated by this agency, or the general public.

Copies of the full text of the proposed amendments and regulations and the fiscal impact statements may be ob-

tained by writing to the office of the Securities Commissioner.

M. DOUGLAS MAYS  
Securities Commissioner

Doc. No. 006835

**State of Kansas**

**DEPARTMENT OF HEALTH  
AND ENVIRONMENT**

**NOTICE OF HEARING  
ON PROPOSED  
ADMINISTRATIVE REGULATIONS**

The Kansas Department of Health and Environment will conduct a public hearing at 1:30 p.m. Monday, August 29, in the Bureau of Adult and Child Care conference room, 10th floor, Landon State Office Building, 900 S.W. Jackson, Topeka, to consider the adoption of proposed permanent rules and regulations K.A.R. 28-60-1 through 28-60-9, pertaining to the review of an application in accordance with K.S.A. 65-5001 *et seq.*, which seeks state credentialing of a health care occupational group.

Proposed amendments include: (1) removal of conducting a Public Hearing I meeting; (2) removal of news release requirements about public hearings and about requests for nomination for technical committee members; and (3) clarification changes.

No additional cost will result to the state, applicant, or public due to these amendments. The state, applicant, and public will experience a reduction in time and travel expenses since only one public hearing (rather than two) will be conducted per review.

Copies of the proposed rules and regulations and the complete economic impact statement may be obtained by contacting Cathy Rooney, Bureau of Adult and Child Care, Kansas Department of Health and Environment, Landon State Office Building, 10th Floor, Topeka 66612-1290, (913) 296-1281.

The time period between the publication of this notice and the scheduled hearing constitutes a public comment period for the purpose of receiving written public comments on the proposed amended rules and regulations.

All interested parties may submit such comments prior to the hearing to the address above. All interested parties will also be given a reasonable opportunity at the hearing to present their views, orally or in writing, concerning the adoption of the proposed amended rules and regulations. In order to give all persons an opportunity to present their views, it may be necessary to limit oral presentations to five minutes.

Following the hearing, all written and oral comments submitted will be considered by the secretary as the basis for making changes in these proposals.

STANLEY C. GRANT, Ph.D.  
Secretary of Health  
and Environment

Doc. No. 006837

**State of Kansas**

**DEPARTMENT OF HEALTH  
AND ENVIRONMENT**

**NOTICE CONCERNING KANSAS  
WATER POLLUTION CONTROL PERMIT**

In accordance with state regulations 28-16-57 through 63 and 28-18-1 through 4, and the authority vested with the state by the administrator of the U.S. Environmental Protection Agency, a tentative permit has been prepared for water pollution abatement facilities for the feedlot described below.

The tentative determinations for permit content are based on preliminary staff review, applying the appropriate standards and regulations of the state of Kansas and the EPA. The permit requires control of any existing or potential discharges to achieve the goal of "no discharge" whenever possible. The permit, upon issuance, will constitute a state water pollution control and national pollutant discharge elimination system permit.

Name and Address of Applicant	Legal Description	Receiving Water
Leonard Koehn Route 1 Buhler, KS 67522	NW/4 of Section 13, Township 22S, Range 4W of Reno County, Kansas	Lower Arkansas River Basin

Kansas Permit No. A-ARRN-F001 Federal Permit No. KS-0086037

The facility has capacity for approximately 30,000 chickens and 85 swine. Wastewater Control Facilities: Wastewater is impounded for subsequent disposal upon agricultural land. Storage capabilities are provided in excess of minimum requirements.

Compliance Schedule: None, existing controls adequate.

Written comments on the proposed NPDES permit may be submitted to Bethel Spotts, Permit Clerk, Permits and Compliance Section, KDHE, Division of Environment, Bureau of Water Protection, Forbes Field, Topeka 66620.

All comments received prior to August 26 will be considered in the formulation of final determinations regarding this public notice. Please refer to the appropriate application number (KS-AG-88-14) and name of applicant as listed when preparing comments.

If no objections are received, the Secretary of Health and Environment will issue the final determinations within 30 days of this notice. If response to this notice indicates significant public interest, a public hearing may be held in conformance with state regulation 28-16-61.

The application, proposed permit, special conditions, fact sheets as appropriate, comments received, and other information are on file and may be inspected at the Kansas Department of Health and Environment offices, Building 740, Forbes Field, Topeka, from 8 a.m. to 4:30 p.m. Monday through Friday.

The documents are available upon request at the copying cost assessed by KDHE. Additional copies of this public notice may also be obtained in the address above.

STANLEY C. GRANT, Ph.D.  
Secretary of Health  
and Environment

Doc. No. 006844



State of Kansas

**DEPARTMENT OF HEALTH  
AND ENVIRONMENT**

**NOTICE CONCERNING KANSAS WATER  
POLLUTION CONTROL PERMIT**

In accordance with state regulations 28-16-57 through 28-16-63 and the authority vested with the state by the administrator of the U.S. Environmental Protection Agency, tentative permits have been prepared for discharges to the waters of the United States and the state of Kansas for the applicants described below.

The tentative determinations for permit content are based on preliminary staff review, applying the appropriate standards, regulations and effluent limitations of the state of Kansas and the EPA, and when issued will result in a state water pollution control permit and national pollutant discharge elimination system authorization to discharge subject to certain effluent limitations and special conditions.

<p><b>Name and Address of Applicant</b> Mayor and City Council c/o City Clerk P.O. Box 1657, Route 4 Hutchinson, KS 67501 Reno County, Kansas Kansas Permit No. M-AR49-I001</p>	<p><b>Waterway</b> Arkansas River</p>	<p><b>Type of Discharge</b> Secondary Wastewater Treatment Facility</p>	<p>KS-0036188</p>
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Description of Facility: This facility is designed for the treatment of domestic sewage. This is an existing facility. Proposed effluent limitations are pursuant to Kansas Surface Water Quality Standards, K.A.R. 28-16-28(b-f), and are technology-based.

<p><b>Name and Address of Applicant</b> Boeing Military Airplane Company 3801 S. Oliver Attn: Gerald Klingsick Wichita, KS 67210 Sedgwick County, Kansas Kansas Permit No. I-AR94-P020</p>	<p><b>Waterway</b> Arkansas River via Unnamed tributary</p>	<p><b>Type of Discharge</b> Process wastewater and stormwater</p>	<p>Federal Permit No. KS-0000396</p>
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Description of Facility: This facility manufactures aircraft components and assembles and rehabilitates operational aircraft for military and commercial purposes. This is an existing facility and the previous effluent limitations have been modified. Proposed effluent limitations are pursuant to Kansas Surface Water Quality Standards, K.A.R. 28-16-28(b-f).

<p><b>Name and Address of Applicant</b> Mayor and City Council c/o City Clerk City Hall Fulton, KS 67738 Bourbon County, Kansas Kansas Permit No. M-MC12-0001</p>	<p><b>Waterway</b> Little Osage River</p>	<p><b>Type of Discharge</b> Secondary Wastewater Treatment Facility</p>	<p>Federal Permit No. KS-0081701</p>
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Description of Facility: This facility is designed for the treatment of domestic sewage. This is an existing facility. Proposed effluent limitations are pursuant to Kansas Surface Water Quality Standards, K.A.R. 28-16-28(b-f), and are technology-based.

<p><b>Name and Address of Applicant</b> Clemens Coal Company Mine No. 22 P.O. Box 299 Pittsburg, KS 66762 Crawford County, Kansas Kansas Permit No. I-MC27-P002</p>	<p><b>Waterway</b> Dry Wood Creek via Cox Creek via Unnamed Tributary</p>	<p><b>Type of Discharge</b> Stormwater and active strip pit dewatering</p>	<p>KS-0079472</p>
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Description of Facility: This is a coal mining operation with sedimentation ponds for containment of stormwater and active strip pit dewatering. This is an existing facility and the previous limitations are continued. Proposed effluent limitations are pursuant to Kansas Surface Water Quality Standards, K.A.R. 28-16-28(b-f).

<p><b>Name and Address of Applicant</b> Mayor and City Council c/o City Clerk City Hall Thayer, KS 66776 Neosho County, Kansas Kansas Permit No. M-VD35-0001</p>	<p><b>Waterway</b> Chetopa Creek via Unnamed Tributary</p>	<p><b>Type of Discharge</b> Secondary Wastewater Treatment Facility</p>	<p>Federal Permit No. KS-0026450</p>
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Description of Facility: This facility is designed for the treatment of domestic sewage. This is an existing facility. Proposed effluent limitations are pursuant to Kansas Surface Water Quality Standards, K.A.R. 28-16-28(b-f), and are technology-based.

Written comments on the proposed determinations may be submitted to Bethel Spotts, Permit Clerk, KDHE, Division of Environment, Bureau of Water Protection, Forbes Field, Topeka 66620.

All comments received prior to August 26 will be considered in the formulation of final determinations regarding this public notice. Please refer to the appropriate application number (KS-88-45/49) and name of applicant as listed when preparing comments. If no objections are received, the Secretary of Health and Environment will issue the final determinations. In response to this notice indicates significant public interest, a public hearing may be held in conformance with state regulation 28-16-61.

The application, proposed permit, including proposed effluent limitations and special conditions, fact sheets as appropriate, comments received, and other information are on file and may be inspected at the Division of Environment offices from 8 a.m. to 4:30 p.m. Monday through Friday.

The documents are available upon request at the copying cost assessed by KDHE. Additional copies of this public notice may also be obtained at the address above.

**STANLEY C. GRANT, Ph.D.**  
Secretary of Health and Environment

Doc. No. 006845

State of Kansas

**DEPARTMENT OF HEALTH  
AND ENVIRONMENT**

**NOTICE CONCERNING UNDERGROUND  
INJECTION CONTROL PERMIT**

In accordance with K.A.R. 28-46-7 and the authority vested with the state by the administrator of the U.S. Environmental Protection Agency, tentative permits have been prepared for construction of one salt solution mining gallery, consisting of six production wells plus one initial kick-off well, which will be used to construct a lateral borehole for connecting the production wells in the gallery, within the state of Kansas, for the applicants described below.

Name and Address of Applicant	Well Number	Well Location
Morton Thiokol, Inc. Morton Salt Division P.O. Box 1547 Hutchinson, KS 67504 Reno County, Kansas	NW 2-1A	NW SE NE Section 22, Township 23, Range 6W, Reno County, Kansas 700' fsl and 1060' fel of SE corner of NE/4

Kansas Permit No. KS-03-155-144  
Description of Facility: This facility is designed for the production of salt by solution mining activities.

Name and Address of Applicant	Well Number	Well Location
Morton Thiokol, Inc. Morton Salt Division P.O. Box 1547 Hutchinson, KS 67504 Reno County, Kansas	NW 2-1	NW SE NE Section 22, Township 23, Range 6W, Reno County, Kansas 955' fsl and 1060' fel of SE corner of NE/4

Kansas Permit No. KS-03-155-123  
Description of Facility: This facility is designed for the production of salt by solution mining activities.

Name and Address of Applicant	Well Number	Well Location
Morton Thiokol, Inc. Morton Salt Division P.O. Box 1547 Hutchinson, KS 67504 Reno County, Kansas	NW 2-2	NW SE NE Section 22, Township 23, Range 6W, Reno County, Kansas 1255' fsl and 1060' fel of SE corner of NE/4

Kansas Permit No. KS-03-155-124  
Description of Facility: This facility is designed for the production of salt by solution mining activities.

Name and Address of Applicant	Well Number	Well Location
Morton Thiokol, Inc. Morton Salt Division P.O. Box 1547 Hutchinson, KS 67504 Reno County, Kansas	NW 2-3	SW NE NE Section 22, Township 23, Range 6W, Reno County, Kansas 1555' fsl and 1060' fel of SE corner of NE/4

Kansas Permit No. KS-03-155-125  
Description of Facility: This facility is designed for the production of salt by solution mining activities.

Name and Address of Applicant	Well Number	Well Location
Morton Thiokol, Inc. Morton Salt Division P.O. Box 1547 Hutchinson, KS 67504 Reno County, Kansas	NW 2-4	SW NE NE Section 22, Township 23, Range 6W, Reno County, Kansas 1855' fsl and 1060' fel of SE corner of NE/4

Kansas Permit No. KS-03-155-126  
Description of Facility: This facility is designed for the production of salt by solution mining activities.

Name and Address of Applicant	Well Number	Well Location
Morton Thiokol, Inc. Morton Salt Division P.O. Box 1547 Hutchinson, KS 67504 Reno County, Kansas	NW 2-5	NW NE NE Section 22, Township 23, Range 6W, Reno County, Kansas 2155' fsl and 1060' fel of SE corner of NE/4

Kansas Permit No. KS-03-155-127  
Description of Facility: This facility is designed for the production of salt by solution mining activities.

Name and Address of Applicant	Well Number	Well Location
Morton Thiokol, Inc. Morton Salt Division P.O. Box 1547 Hutchinson, KS 67504 Reno County, Kansas	NW 2-6	NW NE NE Section 22, Township 23, Range 6W, Reno County, Kansas 2455' fsl and 1060' fel of SE corner of NE/4

Kansas Permit No. KS-03-155-128  
Description of Facility: This facility is designed for the production of salt by solution mining activities.

Written comments on the proposed determinations may be submitted to Bethel Spotts, Permit Clerk, KDHE, Division of Environment, Bureau of Water Protection, Forbes Field, Topeka 66620.

All comments received prior to August 26 will be considered in the formulation of final determinations regarding this public notice. Please refer to the appropriate application number (KS-EG-88-15/21) and name of applicant as listed when preparing comments. If no objections are received, the Secretary of Health and Environment will issue the final determination.

The application, proposed permit, fact sheets as appropriate, comments received, and other information are on file and may be inspected at the Division of Environment offices from 8 a.m. to 4:30 p.m. Monday through Friday.

STANLEY C. GRANT, Ph.D.  
Secretary of Health  
and Environment

Doc. No. 006843

(Published in the *Kansas Register*, July 28, 1988.)

**NOTICE OF REDEMPTION**  
to the holders of  
**Ford County, Kansas**  
**Single Family Mortgage**  
**Revenue Bonds**  
**1979 Series A 7.50%**  
**Due September 1, 2004**  
**CUSIP #345267-AW-8**

Notice is hereby given that pursuant to Section 3.01 of the indenture dated as of September 1, 1979, \$175,000 principal amount of the bonds has been drawn by lot for redemption at par on September 1, 1988, as follows:

Coupon bonds, \$5,000 denominations, called in full:

1030	1130	1198
1042	1134	1207
1062	1139	1208
1071	1151	1209
1083	1162	1215
1088	1192	

The serial numbers of the registered bonds to be redeemed in whole or in part and the principal amount to be redeemed are as follows:

Bond No.	Par Amount	Amount Called
R214	\$100,000	\$10,000
R224	10,000	5,000
R230	5,000	5,000
R237	50,000	5,000
R239	5,000	5,000
R243	55,000	10,000
R244	35,000	5,000
R249	20,000	10,000
R250	100,000	25,000
R251	100,000	10,000

Coupon bonds with the September 1, 1988, and all subsequent coupons attached and registered bonds called in full should be presented to one of the following offices of the paying agents:

Continental Illinois National Bank  
and Trust Company of Chicago  
Attn: Corporate Trust Operations  
30 N. LaSalle St., 16th Floor  
Chicago, IL 60697

Kansas State Bank & Trust Company  
Attn: Trust Department  
123 N. Market  
Wichita, KS 67202

While registered bondholders have the option of presenting bonds to the Kansas paying agent, there will be a delay in the issuance of bonds for any unredeemed portion unless such presentment is made to the principal paying agent in Chicago, Illinois. Accordingly, the registered bonds which have been called in part should be presented to the paying agent in Chicago at the address given above.

Where a fully registered bond is redeemed in part, a new fully registered bond for the unredeemed portion will be issued and returned without charge. Interest on

the bonds or portions of the bonds called for redemption will cease to accrue on September 1, 1988.

Under the provisions of the Interest and Dividend Tax compliance Act of 1983, paying agents making payments of interest or principal on corporate securities or making payments of principal on municipal securities may be obligated to withhold 20 percent tax from remittances to individuals who have failed to furnish the paying agent with a valid taxpayer identification number. Holders of the above-described securities who wish to avoid the imposition of this tax should submit certified taxpayer identification numbers when presenting their securities for collection.

Dated August 1, 1988.

Ford County, Kansas  
by Continental Illinois National Bank  
and Trust Company of Chicago  
as Trustee

Doc. No. 006846

(Published in the *Kansas Register*, July 28, 1988.)

**NOTICE OF BOND SALE**  
**\$6,375,000**

**Internal Improvement Bonds**  
**Series G 1988**  
of the

City of Lawrence, Kansas

(general obligation bonds payable  
from unlimited ad valorem taxes)

**Sealed Bids**

Sealed bids will be received by the undersigned city clerk of Lawrence, Kansas, on behalf of the governing body at the City Hall, 6th and Massachusetts, Lawrence, until 11 a.m. C.D.T. on August 9, 1988, for the purchase of \$6,375,000 principal amount of internal improvement bonds, Series G 1988, of the city hereinafter described. All bids will be publicly opened and read at said time and place and will be acted upon by the governing body at its meeting to be held at 7 p.m. on the date of sale. No oral or auction bids will be considered.

**Bond Details**

The bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The bonds will be dated September 1, 1988, and will become due semiannually on March 1 and September 1 in the years as follows:

Year	Principal Amount
3/1/1989	\$140,000
9/1/1989	140,000
3/1/1990	275,000
9/1/1990	300,000
3/1/1991	330,000
9/1/1991	330,000
3/1/1992	330,000
9/1/1992	330,000
3/1/1993	340,000
9/1/1993	340,000
3/1/1994	340,000
9/1/1994	340,000
3/1/1995	350,000
9/1/1995	350,000

(continued)

3/1/1996	350,000
9/1/1996	350,000
3/1/1997	360,000
9/1/1997	360,000
3/1/1998	360,000
9/1/1998	360,000

The bonds will bear interest from the date thereof at the rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semi-annually on March 1 and September 1 in each year, beginning on March 1, 1989.

#### Place of Payment and Bond Registration.

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Kansas State Treasurer, Topeka, Kansas (the paying agent and bond registrar), to the registered owners thereof whose names are on the registration books of the bond registrar as of the 15th day (whether or not a business day) of the calendar month next preceding each interest payment date. The bonds will be registered pursuant to a plan of registration approved by the city and the Kansas Attorney General.

The city will pay for the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondowners.

#### Redemption of Bonds Prior to Maturity

Bonds maturing in the years 1989 to 1994, inclusive, shall become due without option of prior payment. At the option of the city, bonds maturing in the years 1995 and thereafter may be called for redemption and payment prior to maturity in whole or in part (selection of bonds to be designated by the city in such equitable manner as it may determine) on March 1, 1994, or on any interest payment date thereafter at the redemption price of 100 percent (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

Whenever the city is to select bonds for the purpose of redemption, it will, in the case of bonds in denominations greater than \$5,000, if less than all of the bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered bond as though it were a separate bond in the denomination of \$5,000.

If the city elects to call any bonds for redemption and payment prior to the maturity thereof, the city shall give written notice of its intention to call and pay said bonds on a specified date, the same being described by maturity, said notice to be mailed by United States certified mail addressed to the owners of said bonds, to the Kansas State Treasurer, and to the original purchaser of the bonds, each of said notices to be mailed not less than 30 days prior to the date fixed for redemption. The city shall also give such additional notice as may be required by Kansas law in effect as of the date of such notice. If any bond be called for redemption and payment as aforesaid, all interest on such bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price hereinbefore specified.

#### Authority, Purpose and Security

The bonds are being issued pursuant to K.S.A. 12-6a01 *et seq.*; K.S.A. 12-685 to 12-690, inclusive; and K.S.A. 13-1024a, as amended, for the purpose of paying the cost of certain street, sanitary sewer, storm sewer and park improvements. The bonds and the interest thereon will constitute general obligations of the city, payable in part from special assessments levied upon the property benefited by the construction of said improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the city, with the balance payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the city.

#### Conditions of Bids

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of  $\frac{1}{8}$  or  $\frac{1}{20}$  of 1 percent. No interest rate may exceed a rate equal to the index of treasury bonds published by the weekly *Credit Markets* in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2 percent. The difference between the highest rate specified and the lowest rate specified can not exceed  $1\frac{1}{2}$  percent. No bid of less than the entire par value of the bonds and accrued interest thereon to the date of delivery will be considered and no supplemental interest payments will be considered. Each bid must specify the total interest cost to the city during the term of the bonds on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the city on the basis of such bid—all certified by the bidder to be correct—and the city will be entitled to rely on the certificate of correctness of the bidder. Each bid must also specify the average annual net interest rate to the city on the basis of such bid.

#### Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check drawn on a bank located within the United States of America in the amount of \$127,500 (2 percent of the principal amount of the bonds), payable to the order of the city to secure the city from any loss resulting from the failure of the bidder to comply with the terms of the bid. Good faith checks submitted by unsuccessful bidders will be returned. If a bid is accepted, the good faith check of the successful bidder, or the proceeds thereof, will be held by the city until the bidder has complied with all of the terms and conditions of this notice. If a bid is accepted but the city fails to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check or the proceeds thereof will be returned to the bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this notice, the proceeds of such check will be retained by the city as and for liquidated damages. No interest will be paid upon the successful bidder's good faith check.

**Basis of Award**

The award of the bonds will be made on the basis of the lowest net interest cost to the city, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the city. If there is any discrepancy between the net interest cost and the average annual net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the governing body will determine which bid, if any, will be accepted, and its determination is final. The city reserves the right to reject any and all bids and to waive any irregularities in a submitted bid. Any bid received after 11 a.m. on the date of sale will be returned to the bidder unopened.

**Bid Forms**

All bids must be made on forms which may be procured from the city clerk. No additions or alterations in such forms shall be made and any erasures may cause rejection of any bid.

**Submission of Bids**

Bids must be submitted in sealed envelopes addressed to the undersigned city clerk and marked "Proposal for Internal Improvement Bonds." Bids may be submitted by mail or delivered in person to the undersigned at the City Hall and must be received by the undersigned prior to 11 a.m. C.D.T. on August 9, 1988.

**Bond Rating**

The most recently issued general obligation bonds of the city are rated "Aa" by Moody's Investors Service, Inc., and the city has applied for rating on the bonds herein offered for sale.

**CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on or assigned to the bonds, but neither the failure to print such number on or assign such number to any bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with the terms of the purchase contract. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid by the city.

**Delivery and Payment**

The city will pay for printing the bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder within 45 days after the date of sale at such bank or trust company in the state of Kansas or Kansas City, Missouri, as may be specified by the successful bidder. Delivery elsewhere will be made at the expense of the successful bidder. The successful bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds must be made in Federal Reserve funds, immediately subject to use by the city.

The number and denominations of the bonds and the names, addresses and Social Security or taxpayer iden-

tification numbers of the registered owners must be submitted in writing by the successful bidder to the city and bond registrar at least two weeks prior to the closing date. In the absence of such information, the city will deliver one bond per maturity registered in the name of the manager of the successful bidder.

The reoffering prices to the public by the original purchaser must be furnished to the city at least one week prior to the closing date. A certificate stating that at least 10 percent of the bonds of each maturity has been sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at such reoffering prices must be furnished to the city by the original purchaser at closing.

**Official Statement**

The city has prepared a preliminary official statement dated August 9, 1988, copies of which may be obtained from the city clerk. Upon the sale of the bonds, the city will furnish the successful bidder with a reasonable number of copies thereof without additional cost upon request. Additional copies may be ordered at the successful bidder's expense.

**Assessed Valuation and Indebtedness**

The total assessed valuation of the taxable tangible property within the city, for the year 1987, is as follows:

Equalized assessed valuation of taxable tangible property .....	\$148,901,888
Tangible valuation of motor vehicles .....	\$ 32,980,120
Equalized assessed tangible valuation for computation of bonded debt limitations .....	\$181,882,008

The total general obligation indebtedness of the city as of the date of the bonds, including the bonds being sold, is \$30,115,969. Temporary notes in the principal amount of \$8,215,849.79 will be retired out of proceeds of the bonds and other available funds.

**Approval of Bonds**

The bonds will be sold subject to the legal opinion of Gilmore & Bell, Overland Park, Kansas, bond counsel, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the city, printed on the bonds and delivered to the successful bidder as and when the bonds are delivered.

**Opinion of Bond Counsel**

In the opinion of bond counsel, assuming continued compliance by the city with the terms of the bond ordinance, under existing law, the interest on the bonds: (a) is excludable from gross income for federal income tax purposes; and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the city comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the bonds

(continued)

(Published in the *Kansas Register*, July 28, 1988.)**NOTICE OF BOND SALE****\$228,000****the City of Paola, Kansas****General Obligation Bonds****Series B 1988****(general obligation bonds payable  
from unlimited ad valorem taxes)**

in order that interest thereon be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the bonds to be so included in federal gross income retroactive to the date of issuance of the bonds. The city has covenanted to comply with all such requirements.

The bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the code, and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the code), a deduction is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest on the bonds.

Bond counsel expresses no opinion regarding other federal tax consequences arising with respect to the bonds.

Interest on the bonds is excluded from computation of Kansas adjusted gross income and the bonds are exempt from intangible personal property taxes levied by Kansas counties, cities or townships.

**Related Federal Tax Matters**

Prospective purchasers of the bonds should be aware that: (i) Section 265 of the code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the code); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the code, for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the bonds; (iii) for taxable years beginning after December 31, 1986, and before January 1, 1992, interest on the bonds earned by some corporations could be subject to the environmental tax imposed by Section 59A of the code; (iv) for taxable years beginning after December 31, 1986, interest on the bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the code; (v) passive investment income, including interest on the bonds, may be subject to federal income taxation under Section 1375 of the code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25 percent of the gross receipts of such Subchapter S corporation is passive investment income; and (vi) Section 86 of the code requires recipients of certain Social Security and certain railroad retirement benefits to take into account in determining gross income, receipts or accruals of interest on the bonds. These categories of bondowners should consult their own tax advisers as to the applicability of these consequences.

**Additional Information**

Additional information regarding the bonds may be obtained from the city clerk or from Gilmore & Bell, 6800 College Blvd., Suite 150, Overland Park, KS 66211, (913) 661-0001.

Dated July 19, 1988.

CITY OF LAWRENCE, KANSAS  
By Raymond J. Hummert, City Clerk  
City Hall  
6 E. 6th  
Lawrence, KS 66044  
(913) 841-7722

Doc. No. 006840

© Kansas Secretary of State, 1988

**Sealed Bids**

Sealed bids for the purchase of \$228,000 principal amount of general obligation bonds, Series B, 1988, of the city hereinafter described, will be received by the undersigned city clerk of Paola, Kansas, on behalf of the governing body of the city at the Paola City Hall until 4:30 p.m. C.D.T. on Tuesday, August 9, 1988. All bids will be publicly opened and read at said time and place and will be acted upon by the city immediately thereafter. No oral or auction bids will be considered.

**Bond Details**

The bonds will consist of fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof, except Bond No. 1, which shall be in the denomination of \$3,000. The bonds will be dated as of August 1, 1988, and will become due serially on November 1 in the years as follows:

Year	Principal Amount
1989	\$18,000
1990	\$20,000
1991	\$20,000
1992	\$20,000
1993	\$25,000
1994	\$25,000
1995	\$25,000
1996	\$25,000
1997	\$25,000
1998	\$25,000

The bonds will bear interest at rates to be determined when the bonds are sold as hereinafter provided, which interest will be payable semiannually on May 1 and November 1 in each year, beginning May 1, 1989.

**Place of Payment and Bond Registration**

The principal of and interest on the bonds will be payable in lawful money of the United States of America by check or draft of the Kansas State Treasurer, Topeka, Kansas (the paying agent and bond registrar). The principal of the bonds will be payable at maturity to the registered owners upon presentation and surrender of the bonds at the office of the paying agent. Interest on the bonds will be paid by check or draft mailed by the paying agent to the persons in whose names the bonds are registered on the registration books maintained by the bond registrar at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month preceding such interest payment date.

The city will pay for the fees of the bond registrar for registration and transfer of the bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the bond registrar, will be the responsibility of the bondholders.

### Conditions of Bids

Proposals will be received on the bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all bonds of the same maturity. Each interest rate specified shall be a multiple of  $\frac{1}{8}$  or  $\frac{1}{20}$  of 1 percent. No interest rate shall exceed the index of treasury bonds published by the weekly *Credit Markets* in New York, New York, on the Monday next preceding the day on which the bonds are sold, plus 2 percent. The difference between the highest rate specified and the lowest rate specified shall not exceed  $1\frac{1}{2}$  percent. No supplemental interest payment will be authorized. No bid of less than the principal amount of the bonds and accrued interest will be considered. Each bid shall specify the total interest cost to the city during the life of the bond issue on the basis of such bid, the premium, if any, offered by the bidder, and the net interest cost to the city on the basis of such bid. Each bid shall also specify the average annual net interest rate to the city on the basis of such bid. Bidders shall specify in the bid form the prices (exclusive of accrued interest), expressed as a dollar price, at which the bidder intends that each maturity amount of the bonds shall be initially offered to the public (the initial reoffering prices).

### Basis of Award

The award of bonds will be made on the basis of the lowest net interest cost to the city, which will be determined by subtracting the amount of the premium bid, if any, from the total interest cost to the city. If there is any discrepancy between the net interest cost and the average annual net interest rate specified, the specified net interest cost shall govern and the interest rates specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest net interest cost are received, the city shall determine which bid, if any, shall be accepted, and its determination shall be final.

### Authority, Purpose and Security for the Bonds

The bonds are being authorized and issued to permanently finance the improvement of the system of waterworks of said city and permanently finance a portion of the cost of construction of a Kansas Army National Guard armory building in the city. The bonds will be general obligations of the city payable as to both principal and interest from ad valorem taxes which may be levied, without limitation as to rate or amount on all the taxable tangible property, real and personal, within the territorial limits of the city, pursuant to K.S.A. 12-836 to 12-840, both inclusive, and K.S.A. 12-1736 and K.S.A. 12-1737.

### Internal Revenue Code of 1986

The Internal Revenue Code of 1986 imposes requirements on the city which must be met subsequent to the issuance of the bonds by the city and, as a result, the city will and does hereby covenant that it will diligently undertake those steps necessary to maintain the tax-exempt status of the bonds. The city's failure to comply with such requirements could adversely affect the tax-exempt status of the bonds. Purchasers of the bonds should be aware that should the bonds lose their status as tax-exempt obligations as a result of the city's failure to comply with such requirements, the bonds are neither

callable nor will the rate of interest on the bonds be adjusted to reflect such circumstances.

The code includes interest on tax-exempt obligations, such as the bonds, in the adjusted net book income of certain corporations for taxable years beginning after December 31, 1986, and includes, through 1989, in the calculation of alternative minimum taxable income one-half of the excess of a corporation's adjusted net book income over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). After 1989, the use of "book income" will be replaced by "adjusted current earnings," with certain other adjustments. Furthermore, Section 59A of the code, as added by the Superfund Amendments and Reauthorization Act of 1986, provides for a new environmental tax generally based on corporate alternative minimum taxable income. The amount of the tax is equal to 0.12 percent of the excess of alternative minimum taxable income, without regard to net operating losses and the deduction for this tax, over \$2 million. The environmental tax is imposed whether or not the taxpayer is subject to the alternative minimum tax. The environmental tax, which is effective for taxable years beginning after December 31, 1986, may subject certain bondowners to additional taxation for interest earned on the bonds.

The code also requires property and casualty insurance companies, for taxable years beginning on or after January 1, 1987, to reduce the amount of their deductible underwriting losses by a percentage of the amount of tax-exempt interest received or accrued on obligations acquired after August 7, 1986.

With the exception of certain "qualified tax-exempt obligations," the code provides that banks and thrift institutions may not deduct any portion of the interest cost of purchasing or carrying tax-exempt obligations such as the bonds if such interest cost is incurred in taxable years ending after December 31, 1986. The city does intend to designate the bonds as "qualified tax-exempt obligations" under Section 265 of the code.

### Legal Opinion

The bonds will be sold subject to the legal opinion of Nichols and Wolfe Chartered, Topeka, Kansas, bond counsel, whose approving legal opinion as to the validity of the bonds will be furnished and paid for by the city, printed on the bonds and delivered to the successful bidder when the bonds are delivered. Said opinion will also state that in the opinion of bond counsel, assuming continued compliance by the city with the provisions of the ordinance authorizing the issuance of the bonds and the code, under existing law, the interest on the bonds is exempt from federal income taxation. Interest on the bonds will also be excluded from the computation of Kansas adjusted gross income for taxable years commencing after December 31, 1987.

### Delivery and Payment

The city will pay for printing the bonds and will deliver the bonds, without cost to the successful bidder, properly prepared, executed and registered, on or prior to September 9, 1988, at such bank or trust company in the state of Kansas or Kansas City, Missouri, as may be specified by the successful bidder. Said bidder will also be

(continued)



furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the bonds affecting their validity. Payment for the bonds shall be made in Federal Reserve funds, immediately subject to use by the city. The denominations of the bonds and the names, addresses and Social Security or taxpayer identification numbers of the registered owners shall be submitted in writing by the successful bidder to the city and bond registrar not later than 1 p.m. C.D.T. on August 23, 1988. In the absence of such information, the city will deliver bonds in the denomination of each maturity registered in the name of the successful bidder.

The successful bidder shall furnish the city by 1 p.m. C.D.T. on September 1, 1988, a certificate acceptable to the city's bond counsel to the effect that: (i) The successful bidder has made a bona fide public offering of the bonds at the initial reoffering prices; and (ii) a substantial amount of the bonds was sold to the public (excluding brokers and other intermediaries) at such initial reoffering prices. Such certificate shall state that: (1) it is made on the best knowledge, information and belief of the successful bidder; and (2) 10 percent or more in par amount of the bonds of each maturity was sold the public at or below the initial reoffering prices (such amount being sufficient to establish the sale of a "substantial amount" of the bonds).

#### Good Faith Deposit

Each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America in the amount of \$4,560, payable to the order of the city to secure the city from any loss resulting from the failure of the bidder to comply with the terms of the bid. No interest will be paid upon the deposit made by the successful bidder. Said check shall be returned to the bidder if the bid is not accepted. If a bid is accepted, said check shall be held by the city until the bidder shall have complied with all of the terms and conditions of this notice, at which time said check shall be returned to the successful bidder or deducted from the purchase price at the option of the city. If a bid is accepted but the city shall fail to deliver the bonds to the bidder in accordance with the terms and conditions of this notice, said check shall be returned to the bidder. If a bid is accepted but the bidder shall default in the performance of any of the terms and conditions of this notice, the proceeds of such check shall be retained by the city as and for liquidated damages.

#### CUSIP Numbers

CUSIP identification numbers will be printed on the bonds, but neither the failure to print such number on any bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with the terms of this notice. All expenses in relation to the assignment and printing of CUSIP numbers on the bonds will be paid by the city.

#### Bid Forms

All bids must be made on forms which may be procured

from the city clerk. No additions or alterations in such forms shall be made and any erasures may cause rejection of any bid. The city reserves the right to waive irregularities and to reject any or all bids.

#### Submission of Bids

Bids must be submitted in sealed envelopes addressed to the undersigned city clerk and marked "Proposal for the Purchase of General Obligation Bonds." Bids may be submitted by mail or delivered in person to the undersigned at the City Hall and must be received by the undersigned prior to 4:30 p.m. C.D.T. on Tuesday, August 9, 1988.

#### Assessed Valuation and Indebtedness

The total assessed valuation of the taxable tangible property within the city for the year 1987 is \$14,546,300. The total general obligation bonded indebtedness of the city as of the date of the bonds, including the bonds, is \$3,505,000, including, as of the date of the bonds, temporary notes outstanding in the principal amount of \$867,000, of which \$128,000 will be retired out of the proceeds of the bonds herein offered for sale.

Dated July 21, 1988.

THE CITY OF PAOLA, KANSAS  
By Jill Ann Holmes  
City Clerk  
City Hall  
P.O. Box 409  
Paola, KS 66071  
(913) 294-2397

Doc. No. 006836

#### State of Kansas

### CONSUMER CREDIT COMMISSIONER

#### PERMANENT ADMINISTRATIVE REGULATIONS

#### Article 6.—CONSUMER CREDIT CODE

**75-6-24. Adjustment in dollar amounts.** (a) The dollar amounts of \$300 and \$1,000 in K.S.A. 16a-2-401(2) and any amendments thereto shall be changed to \$630 and \$2,100.

(b) This regulation shall be effective on and after October 1, 1988. (Authorized by and implementing K.S.A. 16a-2-401a; effective, E-79-9, April 20, 1978; effective May 1, 1979; amended, E-81-15, June 25, 1980; amended May 1, 1981; amended, T-83-16, July 1, 1982; amended May 1, 1983; amended, T-85-18, July 1, 1984; amended May 1, 1985; amended, T-87-14, June 6, 1986; amended May 1, 1987; amended, T-89-22, May 27, 1988; amended Oct. 1, 1988.)

JUDITH BRAVENCE-STRINGER  
Consumer Credit Commissioner

Doc. No. 006838



## State of Kansas

## KANSAS INSURANCE DEPARTMENT

PERMANENT ADMINISTRATIVE  
REGULATIONSArticle 4.—ACCIDENT AND  
HEALTH INSURANCE

**40-4-37. Long term care insurance; definitions; limitations; requirements; disclosure provisions.** (a) This regulation shall apply to individual or group long term care insurance policies, subscriber contracts and endorsements and riders delivered or issued for delivery in this state on or after the effective date hereof, by the following:

- (1) Insurance companies;
- (2) fraternal benefit societies;
- (3) nonprofit hospital and medical service corporations; and
- (4) health maintenance organizations.

(b) A policy, rider or endorsement shall not be advertised, described, solicited or issued for delivery in this state as long term care insurance unless it conforms to the requirements of this regulation.

(c) As used in this regulation, these terms shall have the following meanings:

(1) "Long term care insurance," "group long term care insurance," "commissioner," "applicant," "certificate" and "policy" shall have the meanings set forth in K.S.A. 1987 Supp. 40-2227.

(2) "Medicare" means the "Health Insurance for the Aged Act," Title XVIII of the social security amendments of 1965, as then constituted or later amended.

(3) "Nursing home" means a facility, other than a hospital, which is primarily engaged in providing nursing care and related services on an inpatient basis under a license issued by the appropriate licensing agency. It may be a freestanding facility, including skilled nursing homes, intermediate care homes, intermediate personal care homes, one-bed adult care homes and two-bed adult care homes or it may be a distinct part of a facility, including a ward, wing or unit or a swing-bed of a hospital or other institution. Any definition of a nursing facility shall adhere to the above definition unless otherwise approved by the commissioner of insurance.

(4) "Mental or nervous disorder" shall not be defined more restrictively than including neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder. However, no policy, contract or rider shall exclude or limit benefits on the basis of organic brain disease, including alzheimer's disease or senile dementia.

(5) "Nurse" may be defined so that the description of a nurse is restricted to a type of nurse, whether a registered graduate professional nurse, a licensed practical nurse, or a licensed vocational nurse. If the words "nurse," "trained nurse" or "registered nurse" are used without specific instruction, then the insurer shall recognize the services of any individual who qualified under this terminology in accordance with

the applicable statutes or administrative rules of the licensing or registry board of the state.

(6) "Physician" may be defined by including the words "duly qualified physician" or "duly licensed physician." An insurer using these terms shall recognize and accept, to the extent of its obligation under the contract, all providers of medical care and treatment when these services are within the scope of the provider's licensed authority and are provided pursuant to applicable laws.

(7) "Sickness" shall not be defined to be more restrictive than the following: Sickness means illness or disease of an insured person which first manifests itself after the effective date of insurance and while the insurance is in force. A definition of sickness may provide for a waiting period which will not exceed 30 days from the effective date of the coverage of the insured person. The definition may be further modified to exclude illnesses or diseases for which benefits are provided under any workers' compensation, occupational disease, employer's liability or similar law.

(8) "Skilled nursing care," "intermediate nursing care," and "personal/custodial care" shall not be defined to be more restrictive than the definitions set forth in K.S.A. 39-923 for skilled nursing care, supervised nursing care, and simple nursing care, respectively.

(9) "Guaranteed renewable" means:

(A) The insured has the right to continue the long term care insurance in force by the timely payment of premiums; and

(B) the insurer has no unilateral right to make any change in any provision of the policy or rider while the insurance is in force and cannot decline to renew the policy. However, rates may be revised by the insurer on a class basis.

(10) "Noncancellable" means the insured has the right to continue the long term care insurance in force by the timely payment of premiums during which period the insurer has no right to unilaterally make any change in any provision of the insurance or in the premium rate.

(11) "Lapse" means termination of a policy due to failure by the policyholder to pay the premium within the time required.

(d) A certificate or individual policy delivered or issued for delivery shall not contain renewal provisions less favorable to the insured than "guaranteed renewable" for life. Any insurer may receive approval of another type of renewal provision if the insurer demonstrates to the satisfaction of the commissioner that the approval would be in recognition of the unique, developing and experimental nature of long term care insurance.

(e) A policy shall not be advertised, described, solicited, delivered or issued for delivery in this state as long term care insurance if the policy, contract or rider limits or excludes coverage by type of illness, treatment, medical condition or accident, except as follows:

- (1) Mental or nervous disorders without demon-

(continued)

strable organic disease. This provision shall not exclude coverage for loss which results from organic brain disease including alzheimer's disease or senile dementia;

(2) alcoholism and drug addiction;  
 (3) illness, treatment, medical condition or accident arising from:

(A) Participation in a felony, riot or insurrection;  
 (B) suicide, attempted suicide, or intentionally self-inflicted injury, whether sane or insane;

(C) aviation; or  
 (D) war or act of war, whether declared or undeclared.

(4) benefits provided under medicare or other governmental programs, except medicaid, any state or federal workers' compensation, employer's liability or occupational disease law;

(5) services performed by a member of the covered person's immediate family; and

(6) services for which no charge is normally made in the absence of insurance.

(f) If a long term care insurance policy is terminated while an insured is confined in a nursing home, benefits provided as a result of receiving nursing home services shall continue until discharge from the nursing home, expiration of the policy benefit period, if any, or payment of the maximum benefits for nursing home services or maximum aggregate benefits under the policy, whichever comes first. For the purpose of this provision, continuous nursing confinement shall include transfer to another nursing home or receiving another level of nursing care in a nursing home. This subsection shall not apply if coverage under the policy terminates because of a lapse as defined in subsection (c)(11).

(g) A long term care policy may require a recommendation by a physician that the services are necessary due to illness, injury or infirmity, but shall not condition such benefits on medical necessity.

(h) A policy may contain a provision relating to recurrent confinements. However, a provision shall not specify that a recurrent condition be separated by a period greater than six months.

(i) Family coverage shall continue for any child who:

(1) is incapable of self-sustaining employment due to mental retardation or physical handicap on the date that the child's coverage would otherwise terminate under the policy due to the attainment of a specified age limit; and

(2) is chiefly dependent on the insured for support and maintenance. The policy may require that within 31 days of such date the company receive due proof of the incapacity for the insured to elect to continue the policy in force with respect to the child, or may require that a separate converted policy be issued at the option of the insured or policyholder.

(j) A long term care policy shall not contain an elimination period:

(1) Greater than 100 days for each period of confinement in a nursing home; or

(2) for all confinements in a nursing home which

are due to the same or related causes and separated from each other by less than six months.

(k) A long term care policy may contain non-duplication of coverage provisions consistent with Kansas insurance statutes, administrative regulations or specific approval by the commissioner.

(l) Subsections (d), (v), (w), (x), (y) and (z) of this regulation shall not apply to group long term care insurance policies issued to an employer-employee group.

(m) A long term care policy shall not exclude coverage for confinement to an intermediate nursing facility when benefits are provided for nursing care.

(n) A long term care policy shall not be delivered or issued for delivery to any person in this state unless every printed portion of the text of the policy is plainly printed in not less than 10 point type.

(o) A long term care policy shall not require prior confinement to a hospital or prior confinement for a greater level of nursing care as a condition precedent to the payment of inpatient benefits.

(p) A long term care insurance policy shall have the words "this is a limited policy—read it carefully" printed on or attached to the face of the policy in not less than 18 point bold face type or in some other manner that distinguishes it from the print otherwise appearing in the policy.

(q)(1) A long term care policy shall not be delivered in this state unless the following notice is attached to the policy:

#### "IMPORTANT NOTICE"

"Please read the copy of the application attached to this policy. Carefully check the application and write to the company . . . (address) . . . , within 30 days, if any information shown on it is not correct and complete, or if any past medical history has been left out of the application. This application is a part of the policy and the policy was issued on the basis that answers to all questions and the information shown on the application are correct and complete."

(2) This statement, preferably in the form of a sticker to be placed on the policy, shall be printed in a prominent manner on paper or in ink of a contrasting color. The insurer may, with the approval of the commissioner of insurance, substitute wording of similar import whereby equal results are obtained. This rule shall not apply if the application for insurance is not attached to and made a part of the contract.

(r) Individual long term care insurance policies shall include a renewal provision which complies with subsection (d) of this regulation. The provisions shall:

(1) Be appropriately captioned;

(2) appear on the first page of the policy; and

(3) clearly state the terms of renewability.

(s) A long term care insurance policy that provides for the payment of benefits based on standards described as "usual and customary," "reasonable and customary" or words of similar import shall include a

definition of these terms and an explanation of these terms in its accompanying outline of coverage.

(t) If a long term care insurance policy or certificate contains any limitations with respect to pre-existing conditions, the limitations shall appear as a separate paragraph of the policy or certificate and be labeled as "pre-existing condition limitations."

(u) "Accident," "accidental injury," or "accidental means" shall not include words which establish an accidental means test or use words such as "external, violent, visible wounds" or similar words of description or characterization.

(1) The definition of accident, accidental injury or accidental means shall not be more restrictive than the following: Injury or injuries for which benefits are provided means accidental bodily injury sustained by the insured person which is the direct result of an accident, independent of disease or bodily infirmity or any other cause, and occurs while insurance coverage is in force.

(2) This definition may provide that injuries shall not include injuries for which benefits are provided under any workers' compensation, employer's liability or similar law.

(v) Right to return—free look provision. Long term care insurance policies or certificates shall have a notice printed on or attached to the first page of the policy stating that the policyholder shall have the right to return the policy within 30 days of its delivery and to have the premium refunded if, after examination of the policy, the insured person is not satisfied for any reason. The notice required by this section shall be printed in bold face type or in some other manner which distinguishes it from the print otherwise appearing in the policy.

(w) Long term care insurance application forms shall request information as to other accident and health insurance coverage in force and whether the insurance to be issued is intended to replace any other accident and sickness policy presently in force. A supplementary application or other form to be signed by the applicant containing such a question may be used.

(x) Upon determining that a sale will involve replacement, an insurer, other than a direct response insurer, or its agent, shall furnish the applicant, prior to issuance or delivery of the individual long term care insurance policy, notice regarding replacement of accident and sickness coverage. One copy of the notice shall be retained by the applicant and an additional copy signed by the applicant shall be retained by the insurer. A direct response insurer shall deliver to the applicant upon issuance of the policy the notice regarding replacement of accident and sickness coverage.

(y) If a long term care policy replaces another long term care policy issued by the company or by an affiliated company, the insurer shall waive any time periods applicable to pre-existing conditions, waiting periods, elimination periods and probationary periods in the new long term care policy for similar benefits to the extent such time was spent under the original policy.

(z) The notice required by subsection (x) for an insurer, other than a direct response insurer, shall be provided in substantially the following form:

**NOTICE TO APPLICANT REGARDING  
REPLACEMENT OF INDIVIDUAL  
ACCIDENT AND  
SICKNESS INSURANCE**

According to (your application) (information you have furnished), you intend to lapse or otherwise terminate existing accident and sickness insurance and replace it with individual long term care insurance policy to be issued by (company name) Insurance Company. Your new policy provides 30 days within which you may decide without cost whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

1. Health conditions which you may presently have (pre-existing conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a payment for benefits under the new policy, whereas a similar claim may be payable under your present policy.
2. You may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.
3. If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, be certain to truthfully and completely answer all questions on the application concerning your medical/health history. Failure to include all material medical information on an application may provide a basis for the company to deny any future claims and to refund your premium as though your policy had never been in force. After the application has been completed and before you sign it, reread it carefully to be certain that all information has been properly recorded.

The above "Notice to Applicant" was delivered to me on:

\_\_\_\_\_  
DATE

\_\_\_\_\_  
(Applicant's Signature)

(aa) The notice required by section (x) for a direct response insurer shall be as follows:

**NOTICE TO APPLICANT  
REGARDING REPLACEMENT OF ACCIDENT  
AND SICKNESS INSURANCE**

According to (your application) (information you have furnished) you intend to lapse or otherwise terminate existing accident and sickness insur-

*(continued)*

ance and replace it with the long term care insurance policy delivered herewith issued by (company name) Insurance Company. Your new policy provides 30 days within which you may decide without cost whether you desire to keep the policy. For your own information and protection, you should be aware of and seriously consider certain factors which may affect the insurance protection available to you under the new policy.

1. Health conditions which you may presently have (pre-existing conditions) may not be immediately or fully covered under the new policy. This could result in denial or delay of a payment for benefits under the new policy, whereas a similar claim may be payable under your present policy.
2. You may wish to secure the advice of your present insurer or its agent regarding the proposed replacement of your present policy. This is not only your right, but it is also in your best interest to make sure you understand all the relevant factors involved in replacing your present coverage.
3. (To be included only if the application is attached to the policy.) If, after due consideration, you still wish to terminate your present policy and replace it with new coverage, read the copy of the application attached to your new policy and be sure that all questions are answered fully and correctly. Omissions or misstatements in the application could cause an otherwise valid claim to be denied. Carefully check the application and write to (company name and address) within 30 days if any information is not correct and complete, or if any past medical history has been left out of the application.

(Company Name)

(bb) Long term care insurance policies shall return to policyholders in the form of aggregate benefits under the policy, as estimated for the entire period for which rates are computed:

- (1) At least 60 percent of the aggregate amount of premiums earned in the case of group policies; and
- (2) At least 55 percent of the aggregate amount of premiums earned in the case of individual policies.

Aggregate benefits shall be determined on the basis of incurred claims experience and earned premiums for such period in accordance with accepted actuarial principles and practices. (Authorized by K.S.A. 40-103, K.S.A. 1987 Supp. 40-2228 and implementing K.S.A. 1987 Supp. 40-2225, 40-2226, 40-2227 and 40-2228; effective, T-89-9, March 18, 1988; effective Sept. 13, 1988.)

FLETCHER BELL  
Commissioner of Insurance

Doc. No. 006839

## State of Kansas

### DEPARTMENT ON AGING

#### PERMANENT ADMINISTRATIVE REGULATIONS

##### Article 1.—GENERAL PROVISIONS

**26-1-1. Definitions.** (a) "Area agency" or "area agency on aging" means the agency or organization within a planning and service area that has been designated by the secretary to develop, implement and administer a plan for the delivery of a comprehensive and coordinated system of services to older persons in the planning and service area.

(b) "Area plan" means the document developed by an area agency which describes the comprehensive and coordinated system of services to be provided to older persons in a planning and service area.

(c) "Comprehensive and coordinated system of services" means a program of interrelated supportive and nutrition services designed to meet the needs of older persons in a planning and service area.

(d) "Contract" means a procurement agreement.

(e) "Contractee" means the party or parties who, under contract with the department or an area agency, are to actually provide services to older persons in a planning and service area.

(f) "Contribution" means a donation of money, foodstamps or anything of monetary value, that is given by a participant to a service provider.

(g) "Cost sharing or matching" means the value of third-party in-kind contributions and that portion of the costs of a grant-supported project or program not borne by the state government.

(h) "Department" means the Kansas department on aging, created by K.S.A. 75-5903 and any amendments to it.

(i) "Employment" means any activity which includes the exchange of labor or services for wages or money, food, clothing, or shelter.

(j) "Employment-full-time" means employment of 30 or more hours per week.

(k) "Employment-part-time" means employment of fewer than 30 hours per week.

(l) "Employment-permanent" means employment which is represented by an employer to be of 30 or more days duration.

(m) "Employment-temporary" means employment which is represented by an employer to be of fewer than 30 days duration.

(n) "Family" means a collective body of persons who live in one house or under one head or management.

(o) "Federal act" means the older Americans act of 1965, as amended.

(p) "Final financial report" means a recipient-prepared document which contains the complete financial results of the grant or the complete financial results of the sub-grant.

(q) "Financial and compliance audit" means an audit which determines:

- (1) whether the financial statements of an audited entity present fairly the financial position and the

results of financial operations in accordance with generally accepted accounting principles; and

(2) whether the entity has complied with laws and regulations that may have material effects upon the financial statements.

(r) "Financial audit" means an official examination and verification of a recipient's accounts which determine whether the financial statement of an audited entity present fairly the financial position and the results of financial operations in accordance with generally accepted accounting principles.

(s) "Grant" means an award of financial assistance in the form of money, or property in lieu of money, by the department.

(t) "Grantee" means any legal entity to which a grant is awarded and which is accountable to the department for the use of the grant. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant.

(u) "Granting agency" means the Kansas department on aging.

(v) "Greatest economic need" means the need for services resulting from an annual income level at or below the poverty threshold established annually by the federal office of health and human services.

(w) "Greatest social need" means the need for services caused by non-economic factors which restricts an individual's ability to perform normal daily tasks or which threaten the capacity to live independently. Non-economic factors include physical and mental disabilities, language barriers, and cultural or social isolation including that caused by racial or ethnic status.

(x) "Indian tribal organization" means the recognized governing body of any Indian tribe, or any legally established organization of Indians which is controlled, sanctioned, or chartered by the governing body of an Indian tribe.

(y) "In-home meal provider" means any legal entity to which funds are paid for the purpose of providing home-delivered meals under the in-home nutrition programs.

(z) "In-home service" means the provision of health, medical or social services to a private individual in his or her non-institutional place of residence.

(aa) "Kansan" means any person who currently resides within the State of Kansas.

(bb) "Metropolitan area" means a standard metropolitan statistical area as defined by the Census Bureau.

(cc) "Modification of a grant or contract" means a change in the area plan or other grants or contracts that would:

(1) Alter the program scope, planned objectives, or the manner in which services are delivered;

(2) provide financial assistance or payments to any entity not authorized by the original grant or contract; or

(3) alter the approved budget of the original grant or contract.

(dd) "Monthly gross income" means the monthly sum of income received by an individual or couple from the following sources:

- (1) wages or salary;
- (2) net-income from self-employment;
- (3) social security;
- (4) dividends, interest, income from estate or trusts, net rental income or royalties;
- (5) public assistance or welfare payment;
- (6) pensions and annuities;
- (7) unemployment compensation;
- (8) workers compensation;
- (9) alimony; and
- (10) veteran's pensions.

(ee) "Notification of grant award" or "NGA" means the document, issued by the department, awarding financial assistance for the provision of services to older persons and specifying the terms of the grant.

(ff) "Notification of sub-grant award" means the document, issued by an area agency, awarding financial assistance to a sub-grantee for the provision of services to older persons and specifying the terms of the sub-grant.

(gg) "Obligation" means the amount of orders placed, contracts and subgrants awarded, services received, and similar transactions during the grant period, which will require payment within 75 days following the last day in which the grant is active.

(hh) "Older person" means any person 60 years of age or older.

(ii) "Older worker" means any person 55 years of age or older, who is employed or seeking employment.

(ij) "Planning and service area" or "PSA" means a geographic area of the state designated by the department for area plan development and area agency designation.

(kk) "Program income" or "project income" means gross income earned by a grant recipient from activities, part or all of which cost is paid by the grant or by funds used to match the grant.

(ll) "Purchase of service contract or grant" means an award of financial assistance in which the payment is made on a reimbursement basis at a unit rate of cost of service with an upper limit on the total cost of the grant. Payment is made by the department in the form of money, or property in lieu of money.

(mm) "Recipient" means grantee or sub-grantee. Use of the term "recipient" in a provision shall be taken as referring equally to grantees or sub-grantees.

(nn) "Redesignation" means a change in the geographic boundaries of a planning and service area or selection of an area agency that is different than the area agency previously designated for a particular planning and service area.

(oo) "Request for Proposal" or "RFP" means the document containing criteria which is used to solicit applications for a contract or subgrant from potential service providers.

(pp) "Secretary" means the secretary of the Kansas department on aging.

(qq) "Self-employment" means work for income performed by a person engaged on that person's own account in a business firm, farm or other enterprise.

(rr) "Service provider" means any legal entity that

(continued)

is obligated to provide services to older persons in any planning and service area.

(ss) "State act" means the Kansas act on aging, K.S.A. 75-5901 through K.S.A. 75-5923.

(tt) "State advisory council" means the advisory council on aging created by K.S.A. 75-5911, and any amendments to it.

(uu) "State plan" means the document submitted by the department in order to receive its allotment of funds under the older Americans act.

(vv) "State program income" or "state project income" means gross income earned by a grantee or contractor from activities in which part or all of the cost is either borne as a direct cost by a grant or contract from the department or counted as a direct cost toward meeting a cost-sharing or matching requirement of such a grant or contract.

(ww) "Sub-grant" means an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to a sub-grantee.

(xx) "Sub-grantee" means any legal entity to which a sub-grant is awarded and which is accountable to the grantee for the use of the grant funds.

(yy) "Unit of local government" means:

(1) Any county, city, township, school district, or other similar political subdivision of the state, or any agency, bureau, office or department thereof; or

(2) any Indian tribal organization.

(zz) "Unused supplies" means supplies that still have a useful life that have not been put to use in the project or program for which they were acquired when the grant, contract or subgrant under which they were acquired expires or is terminated. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective, May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986; amended May 1, 1987; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-1-5. Area plan development.** (a) Each area agency shall develop and submit an area plan for approval by the department. An area agency shall not receive any funds until the area plan has been approved by the department.

(b) Each area plan shall be submitted on forms prescribed by the department and shall contain all of the information requested on the form, including:

(1) The application for grant award;

(2) a verification of application;

(3) the assurance of Title VI civil rights compliance;

(4) the assurance of compliance between the area agency on aging (AAA) and Kansas department on aging (KDOA);

(5) a copy of the organization chart of the AAA;

(6) a profile of the AAA population;

(7) a determination of area needs and AAA services;

(8) a request for waiver of the requirement to provide an adequate proportion of Title III—B funds for priority services, if applicable;

(9) a description of community focal points;

(10) a statement of administrative objectives;

(11) a statement of advocacy objectives;

(12) a description of the manner in which implementation of objectives will be coordinated;

(13) a description of program development objectives;

(14) a description of information and referral objectives;

(15) a description of outreach objectives;

(16) a description of case management objectives;

(17) a description of supportive services objectives;

(18) a description of congregate nutrition services objectives;

(19) a description of home-delivered nutrition services objectives;

(20) the program characteristics of nutrition services;

(21) a description of the program characteristics and supportive services data;

(22) a copy of the form: "Title III-C(1)-congregate nutrition services";

(23) a copy of the form: "An annual budget summary";

(24) an annual budget for area plan administration;

(25) budget cost justifications for the program component;

(26) capital cost justifications for the program component;

(27) resource justifications for the program component;

(28) a copy of the form: "Title III-B supportive services annual budgets";

(29) a copy of the form: "AAA direct services—III-B annual budgets";

(30) a copy of the form: "III-B supportive services data";

(31) a congregate meal budget summary; and

(32) a home-delivered meal budget summary.

(c) Each area agency shall ensure that units of local government, local advisory councils, potential service providers and older persons have an opportunity for involvement in the development of the area plan.

(d) Each area agency, as part of the area plan, shall describe the rationale for the proposed allocation of funds for services in the planning and service area. The rationale shall identify the manner in which the proposed distribution of funds will meet identified, priority nutrition and supportive service needs.

(e) The area plan developed by the area agency shall provide assurances that the area agency will spend in each fiscal year, for services to older individuals residing in rural areas in the area agency's planning and service area, an amount equal to 105 percent or more of the amount expended for such services in fiscal year 1978. The amount expended in fiscal year 1978 includes amounts expended under Title V and Title VII of the Older Americans Act of 1965. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended effective May 1, 1986; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-1-7. Confidentiality.** (a) Each area agency, its subgrantees and all other grantees and subgrantees of



the department shall establish and maintain procedures to protect the confidentiality of information about individuals collected in the delivery of services.

(b) No information identifying an individual shall be given by a service provider without that individual's informed consent, unless the disclosure is required by court order or is authorized by federal, state or local law for monitoring purposes.

(c) Subsection (b) shall be extended to include legal services providers who shall not be asked to provide the names, addresses, or telephone numbers of any clients. (Authorized by and implementing K.S.A. 75-5908; effective, T-89-14, April 26, 1988; effective P-Sept. 13, 1988.)

## Article 2.—GRANTS AND CONTRACTS

**26-2-1. Notification of grant award (NGA) or contract.** (a) Each grantee or contractee of the department shall sign and return to the department a notification of grant award or contract before funds will be advanced. The notification of grant award or contract shall include:

(1) the total financial amount of the grant award or contract, including:

(A) the amount of funds to be provided by the department;

(B) the amount of funds to be provided by the grantee or contractee; and

(2) the effective and expiration dates of the grant or contract;

(3) assurance that all materials published in connection with the grantees, contractees, and subcontractees activities shall conspicuously acknowledge the support of the administration on aging and the department;

(4) special conditions which may be specified as part of the grant or contract;

(5) the signature of the authorized representative of the grantee or contractee and the secretary; and

(6) the statement that the grant award or contract is made subject to the Kansas administrative regulations and the department's policy issuances which shall become effective after the date of the initial grant award for the grant period.

(b) Unless revised, computation of grant amounts which appear on the document shall constitute a ceiling for state and federal participation in the approved cost.

(c) Unless specifically exempted by the secretary, providers of services funded in whole or in part by state funds shall comply with the financial requirements applicable to providers of services funded by federal act funds. When an exemption is given, appropriate financial requirements shall be imposed concerning the use of these funds. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-34, Oct. 23, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986; amended May 1, 1987; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-2-3. Reporting requirements.** (a) Each grantee

or contractee of the department shall submit program and financial reports to comply with federal and state requirements. The reports shall be submitted by the due dates on forms prescribed by the secretary.

(b) Each grantee or contractee shall be responsible for obtaining and reporting necessary information from those sub-grantees and service providers with whom the grantee or contractee has sub-grants or contracts.

(c) Each grantee shall submit Title III final financial reports to the department on or before December 15th following the end of the grant period on September 30. The grantee shall submit a consolidated final financial report for each program component. These reports shall be accompanied and supported by copies of the area agency's subgrantee reports. Each grantee shall have received services and goods ordered and shall have liquidated corresponding obligations prior to submission of the final financial reports.

(d) If a grantee revises or modifies its final financial report, the grantee shall adhere to the following conditions and criteria:

(1) A revised final financial report received by the department on or before December 31st of the calendar year in which the grant period ended shall be considered as a final financial report;

(2) A revised final financial report received by the department after December 31st but on or before April 15th of the year following the end of the grant shall be considered a final financial report only if accompanied by a CPA audit report which confirms accuracy of the revised financial report; and

(3) A revised final financial report received after April 15th of the calendar year following the end of the grant period shall not be considered a final financial report.

(e) Calculation of unearned funds shall be based upon the final financial report submitted as of the date that computation began. Final financial reports received after the issuance of unearned funds on a notification of grant award shall be used to adjust the unearned funds only if such report results in an increase or decrease of .5% or more in federal or state funds earned.

(f) Each grantee who submits revised final financial reports, as defined in subsection (d), shall adhere to the following:

(1) With an increase in unearned funds of .5% or more, the grantee shall either submit a check payable to the Kansas department on aging for the amount of the increase in unearned funds or submit a request for a reduction in the allocation of the next grant year funds.

(2) With an increase in unearned funds of less than .5%, the grantee may take no action at the time the revised final financial report is submitted.

(3) With a decrease in unearned funds, the grantee shall absorb the cost which results in the decrease in unearned funds. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985;

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amended May 1, 1986; amended May 1, 1987; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-2-5. Assessments of performance and compliance with department grants and contracts.** (a) Each grantee or contractee shall submit to an annual on-site assessment to:

- (1) Determine the extent of compliance with state and federal requirements; and
- (2) assess the degree to which objectives which are part of the grant or contract have been achieved.

(b) A written report of the on-site assessment shall be provided to the grantee or contractee describing the findings of the on-site assessment, and listing any corrective actions deemed necessary and the deadline for taking such action.

(c) Each grantee or contractee shall respond to the department to any exceptions noted by the department within 30 days from receipt of the written assessment report.

(d) If corrective actions listed within the assessment report are not taken:

- (1) The corrective action deadline may be extended by the department;
- (2) the current grant may be suspended or terminated by the department; or
- (3) subsequent grant applications may be denied by the department.

(e) Each grantee shall assess its subgrantees annually. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-34, Oct. 23, 1985; amended, T-86-48, Dec. 18, 1985; amended May 1, 1986; amended May 1, 1987; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-2-6. Basis for withholding of payments.** (a) Payments to a grantee or contractee shall be withheld by the department if:

(1) Expenditures by the grantee or contractee fail to comply with applicable federal or state requirements; or

(2) The secretary suspends or terminates the grant or contract.

(b) Payments may be withheld by the department if a grantee or contractee fails to submit any document required by the department on or before the established due date.

(c) Payments that are withheld shall be released within 30 days after the requirements are met by the grantee or contractee. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended May 1, 1986; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-2-9. Audit Requirements.** (a) Each area agency on aging, its subgrantees and contractees and all other subgrantees and contractees of the department that receive older American act grants, job training partnership act grants through the department or general fund grants equal to or in excess of \$25,000 per year

shall have an annual financial and compliance audit made by an independent auditor.

(b) The audit shall be made in accordance with the following regulations:

(1) "Standards for Audit of Government Organizations, Programs, Activities and Functions," 1981 Revision;

(2) Single Audit Act of 1984 (P.L. 98-502) Office of Management and Budget Circular No. A-128 "Audits of State and Local Government" as in effect April 12, 1985;

(3) Office of Management and Budget Circular No. A-102 "Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments"—Attachment O, "Procurement Standards" as in effect June 9, 1981;

(4) Title 45 Code of Federal Regulations Public Welfare Subtitle A—Department of Health and Human Services General Administration, Part 74 Administration of Grants, as in effect June 9, 1981;

(5) Title 45 Code of Federal Regulations, Part 1321—Grants for State and Community Programs on Aging, as in effect July 1, 1987;

(6) Older Americans Act of 1965 as amended P.L. 89-73, as amended November 2, 1984;

(7) Title 20 Code of Federal Regulations Parts 626-638 and Part 674, as in effect July 1, 1987;

(8) Title 41 Code of Federal Regulations Part 29.70, as in effect July 1, 1987;

(9) Office of Management and Budget Circular No. A-122 "Cost Principals for Non-Profit Organizations," as in effect July 1, 1987;

(10) Office of Management and Budget Circular No. A-87 "Principles for Determining Costs Applicable to Grants and Contracts with State, Local, and Federally Recognized Indian Tribal Governments," as in effect July 1, 1987;

(11) department on aging policy issuances; and

(12) department on aging administrative regulations as shown in chapter 26 of the Kansas administrative regulations.

(c) The independent auditor shall reconcile the audited financial statements and the final financial reports submitted by the auditor to the department.

(d) The audit shall be completed within six months after the end of the agency's fiscal year being audited.

(e) Each area agency's subgrantee shall submit a copy of its audit report to the grantee area agency within 30 days after the subgrantee's receipt of the audit report and each area agency shall submit a copy of the subgrantee's audit report to the department within seven days after the area agency's receipt of the subgrantee's audit report.

(f) Each area agency or other subgrantee or sub-contractee of the department shall submit a copy of its audit report to the department within 30 days after the agency's receipt of the audit report.

(g) The cost of the audit shall be disallowed and the grant or contract may be suspended if an audit report that is not in accordance with the regulations listed in subsection (b) is submitted except as follows:

(1) Any audit report completed more than six



months after the end of the agency's fiscal year of the agency being audited may be accepted by the secretary of aging if it is accompanied by a fully documented justification detailing the reasons the report is late.

(2) Any audit report of an area agency or other subgrantee of the department that is not submitted to the department within 30 days after the agency's receipt of the audit report may be accepted by the secretary of aging if accompanied by a fully documented justification detailing the reasons that the report was not submitted within the time frame stated herein.

(3) Any audit report of an area agency subgrantee which is not submitted to the area agency within 30 days after the subgrantee's receipt of the audit report or is not submitted to the department by the area agency within seven days after the area agency's receipt of the subgrantee's audit report may be accepted by the secretary of aging if accompanied by a fully documented justification detailing the reasons that the report is late.

(h) The right to conduct additional audits of the agency records and to examine the audit workpapers of the independent auditor shall be reserved by the department.

(i) Administration of audits.

(1) Each subgrantee or contractee of the department shall administer its own audit if the grant or contract conditions do not state otherwise.

(2) Any area agency may allow its subgrantees to administer their own audits if the department grant or contract conditions do not state otherwise.

(3) Any area agency on aging may administer the audits of its subgrantees including issuing the request for bid and selecting the firm and may use Federal Title III funds to pay for the audit if:

(A) The request for proposal for services issued by the area agency on aging contains a statement that requires all bidders to budget a proportional share of the cost for audits that will be administered by the area agency on aging;

(B) the notification of grant award issued by the area agency on aging contains a condition in which both the grantor and grantee have agreed that the audit will be administered by the area agency on aging;

(C) the subgrantee of the area agency is not a local, state, or Indian tribal government; and

(D) the department grant or contract conditions do not state otherwise.

(j) The cost of the audit shall be disallowed if the area agency does not comply with the regulations listed in subsection (i). (Authorized by and implementing K.S.A. 75-5908; effective, T-89-14, April 26, 1988; effective P-Sept. 13, 1988.)

### Article 3.—PROCUREMENT

**26-3-1. Contracting and granting practices.** (a) No department subgrantee or contractee shall make a sub-grant or contract involving funds made available by the department until an area plan or other docu-

ment detailing the proposed use or uses of the funds has been approved by the department for a specific time period and the secretary has issued a notification of grant award or contract to the subgrantee or contractee.

(b) In making a sub-grant or contract, each department subgrantee or contractee shall use the funds awarded under a department-approved area plan for those services which are consistent with service definitions issued and provided by the department and the identified, priority service needs within the PSA.

(c) Each department grantee or contractee and each sub-grantee or contractee of a department grantee or contractee, when proposing to contract or sub-grant for services to older persons, shall select a service provider to deliver services in accordance with the provisions of paragraphs 8 to 15, inclusive, of attachment O, "procurement standards," of OMB Circular A-102, uniform administrative requirements for Grants-in-aid to state and local governments, as in effect on June 9, 1981. These provisions are adopted by reference, with the following exceptions:

(1) Each reference in the federal regulations to "grantee" shall be deemed to refer equally to grantees, contractees and sub-grantees as defined in 26-1-1.

(2) Each reference in the federal regulations to "federal grantor agency" or "grantor agency" shall be deemed to refer to the department on aging or to the department grantee or contractee.

(3) Each reference in the federal regulations to "Comptroller General of the United States" and "Office of Federal Procurement Policy" shall be deemed to refer to the secretary.

(4) The second sentence of subsection (e) of paragraph 11 shall be deleted.

(5) Each reference to "\$10,000" in paragraph 11 of the federal regulations shall be deemed to be \$2,500.

(d) A department grantee or contractee or grantee or contractee of a department subgrantee or contractee may use the small purchase procedure described in paragraph 11(a) of Attachment O, if the procurement is for a total dollar amount of fewer than \$2,500. However, procurement of audits from independent auditors shall not be made using the small purchase procedure. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended, T-86-48, Dec. 18, 1985; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-3-4. Responsibilities when sub-granting or contracting services under an area plan.** When sub-granting or contracting for services under an area plan, each area agency shall: (a) Subgrant or contract for services within 90 days after the effective date of the notification of grant award issued by the department unless written approval for an extension of time is both requested of and granted by the secretary;

(b) not alter the sub-grant or contract during the final 60 days of any grant period unless written approval to do so is requested of and granted by the secretary;

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(c) obtain written approval from the department when proposing to contract or subgrant for services with any for-profit organization;

(d) submit a copy of the subgrant or contract to the department within 15 days following the receipt of any approved subgrant or contract that has been approved by the department; and

(e) retain pertinent records for each subgrant or contract in the area agency office for review and audit purposes for a period of three calendar years from the end of the calendar year or from the date of the final financial report, whichever is later. If any litigation or audit is begun or if a claim is instituted involving a subgrant or contract, the records pertaining to such subgrant or contract shall be retained until such litigation, audit, or claim is settled. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended May 1, 1986; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-3-5. Modification of approved sub-grants or contracts.** (a) A sub-grantee or contractee shall submit to an area agency a written request for modification of a sub-grant or contract.

(b) Any area agency may agree to a modification of a sub-grant or a contract with a non-profit public or private organization, if the area agency determines that such a modification is consistent with state and area plans and will not adversely affect the provision of services to older persons in the PSA.

(c) Each area agency, prior to agreeing to a modification of a contract with a for-profit organization, shall submit the modification to the department for its approval. The request shall include a statement that the area agency has determined that the proposed modification is consistent with the state and area plans and will not adversely affect the provision of services to older persons in the PSA. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective May 1, 1985; amended May 1, 1986; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-3-6. Reporting requirements.** Each sub-grantee or contractee of an area agency shall:

(a) Submit program and financial reports to the area agency deemed necessary by the department to comply with federal and state requirements; and

(b) submit such reports by the due dates, using the forms prescribed by the secretary. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective, May 1, 1985; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

#### Article 4.—HEARINGS AND APPEALS

**26-4-4. Decision of the secretary.** (a) Within 30 days of the conclusion of the hearing, the hearing panel shall submit its report to the secretary. This report shall contain findings of fact and a recommendation to the secretary.

(b) Within 20 days after receiving the hearing panel's recommendation, the secretary shall issue a

decision. The decision shall be written, signed and mailed or personally delivered to all interested parties. If mailed, the decision shall be sent by certified or registered mail with return receipt requested. If delivered, an acknowledgement of receipt shall be signed by the party to whom the decision is delivered.

(c) The decision of the panel shall not be binding upon the secretary. (Authorized by and implementing K.S.A. 75-5908; effective, T-85-47, Dec. 19, 1984; effective, May 1, 1985; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

#### Article 5.—IN-HOME NUTRITION PROGRAM

**26-5-1. Application for funding.** (a) Each agency choosing to provide services under the in-home nutrition program shall submit a proposal to the department on or before June 1 of each year on forms supplied by the department.

(b) The application shall contain:

(1) A narrative overview of any current or proposed program operation;

(2) the geographic areas to be covered;

(3) documentation of need;

(4) resources currently used by the program;

(5) the most recent financial statement or audit and number of meals served for the same time period;

(6) the current cost per meal and explanation of anticipated changes;

(7) the total dollars requested;

(8) the reimbursement rate requested; and

(9) the number of meals to be provided. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986; amended May 1, 1987; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-5-2. Provider accountability.** (a) Upon receipt of funding from the department, each in-home service provider shall comply with reporting requirements of K.A.R. 26-2-3.

(b) Accurate, current, and complete disclosure of the financial results of the program shall be made in accordance with the financial reporting requirements of the contract.

(c) Accounting records shall contain information pertaining to authorizations, obligations, unobligated balances, assets, outlays, income, liabilities, project income, and other income and shall identify adequately the source and application of funds for program activities.

(d) Effective control and accountability shall be maintained for all contract funds, real and personal property, and other assets. Recipients shall adequately safeguard all such property and shall assure that the property is used solely by authorized persons.

(e) Accounting records shall be supported by source documentation such as cancelled checks, paid bills, payrolls, and contract documents.

(f) Each recipient shall follow a systematic method to assure timely and appropriate resolution of audit findings and recommendations.

(g) Each recipient shall have an annual audit which

complies with K.A.R. 26-2-9 performed by a certified public accountant. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective, May 1, 1986; amended May 1, 1987; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-5-8. State Program Income.** (a) (1) Program income includes, but is not limited to:

- (A) proceeds from the sale of personal or real property with an acquisition cost of less than \$1,000;
- (B) usage or rental fees;
- (C) sale of assets purchased with grant funds with an acquisition cost of less than \$1,000;
- (D) royalties on patents and copyrights; and
- (E) contributions of recipients of service and interest on such contributions.

(2) In other cases, the department shall apply the following tests to determine if a specific revenue is to be classified as state program income, and it shall be subject to the provisions of this section if the revenue:

(A) Can be clearly shown to have been generated from some particular activity conducted by the grantee or contractee; and

(B) was generated by an activity supported in whole or in part by state funds.

(b) The following specific revenues shall not be included as state program income:

- (1) Rebates, discounts and recoveries;
- (2) income earned by individuals or a group of project participants, when such income accrues directly to the participants;
- (3) revenues, including taxes and special assessments that are raised by a grantee or contractee which is a government with governing powers; and
- (4) tuition and related fees received by an institution of higher education for a regularly offered course taught by an employee who is performing under a grant or contract.

(c) State program income may be used under one or both of the alternatives below:

(1) Deduction alternative. The income may be used for allowable costs of the project or program. However, if there is a cost-sharing or matching requirement, costs borne by the income may not count toward satisfying that requirement. The income shall be used for current costs; or

(2) Cost-sharing or matching alternative. The income may be used for allowable costs of the project or program and the costs borne by the income may assist in satisfying a cost-sharing or matching requirement. The maximum percentage of federal participation may be applied to total allowable costs and third-party in-kind contributions. The income shall be used for current costs.

(d) Additional requirements.

(1) All state program income earned under grants financed by state funds and federal Title III, part B, part C(1), and part C(2) shall be used only for services allowable under the section from which it was earned.

(2) All state program income shall be used during the project year in which the income is earned.

(e) Accountability for state program income.

(1) Each grantee and contractee shall utilize gener-

ally accepted accounting standards for collecting and recording state program income. Such standards shall require the accurate recording of amounts collected at the project and site levels and the subsequent use of these funds.

(2) Each recipient shall account for state program income on a daily basis, and shall report such income to the area agency on aging through the established financial reporting system.

(3) Each area agency shall report state program income collected to the department.

(4) Accounting records and reports submitted by the recipient to the area agency on aging shall provide a clear audit trail on all state program income and the uses of the income.

(5) Recipient account records and reports shall accurately reflect the receipt and use of state program income funds separately from the receipt and use of other funds. (Authorized by and implementing K.S.A. 75-5908; effective, T-89-14, April 26, 1988; effective P-Sept. 13, 1988.)

## Article 6.—EMPLOYMENT PROGRAM

**26-6-1. Eligibility requirements to operate employment programs.** (a) To qualify to operate older Kansans employment programs each applicant shall be:

- (1) An area agency on aging;
  - (2) an organization which provides social services;
- or

(3) a unit of local government.

(b) To qualify to operate older American community service employment programs, each applicant shall be:

(1) a public or private non-profit agency or organization;

(2) a national organization;

(3) an agency of a state government;

(4) a political subdivision of a state;

(5) a combination of political subdivisions of a state;

or

(6) a tribal organization or or as authorized by Section 502(b)(1) of the Older Americans Act of 1965.

(c) Each application shall be made on forms provided by the department.

(d) Selection of a grantee shall be based upon the organization's:

(1) experience with employment and related personnel matters;

(2) prior contacts or affiliations with major private sector employers;

(3) objectives and methods of achieving objectives, including staff qualifications and work schedules;

(4) budget proposals, including cost justification, support for future fundings, and ability to provide in-kind services or share program costs;

(5) prior experience with meeting the job related needs of the elderly; and

(6) adherence to equal employment opportunity and affirmative action guidelines. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48; Dec.

(continued)

18, 1985; effective May 1, 1986; amended May 1, 1987; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-6-2. Types of mandated services.** Each organization operating an employment program shall include the following services: (a) Outreach and recruitment to enroll the participants. Outreach and recruitment may be accomplished by:

- (1) Coordination of program activities with other community agencies which serve older persons; and
- (2) education of employers in local communities concerning the advantages of hiring older workers;
  - (b) job counseling;
  - (c) training in job-seeking skills;
  - (d) job development; and
  - (e) job placement with emphasis upon placement in private sector jobs including jobs that are shared, flex-time, and part-time. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986; amended May 1, 1987; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-6-3. Allowable expenses shall include:**

- (a) staff salaries;
- (b) staff travel;
- (c) participant training;
- (d) conferences and work shops for staff training; and
- (e) supportive services for participants, including:
  - (1) transportation;
  - (2) meals;
  - (3) employment interviews;
  - (4) client clothing; and
  - (5) office supplies for participant job interviews.
 (Authorized by and implementing K.S.A. 75-5908; effective May 1, 1986; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-6-5. Participant eligibility requirements.** Each participant shall be a Kansas resident and 55 years old or older. Priority shall be given to minority or low income elderly persons. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

**26-6-6. Grant or contract terminations.** (a) Any grant may be terminated for:

- (1) Failure to meet departmental requirements concerning minimum program, outreach, and performance standards;
- (2) fraud;
- (3) loss of legislative appropriations; or
- (4) use of funds for political or other nonallowable purposes.

(b) Grantees may appeal funding termination in accordance with K.A.R. 26-4-1. (Authorized by and implementing K.S.A. 75-5908; effective, T-86-48, Dec. 18, 1985; effective May 1, 1986; amended May 1, 1987; amended, T-89-14, April 26, 1988; amended P-Sept. 13, 1988.)

ESTHER V. WOLF  
Secretary of Aging

Doc. No. 006832

State of Kansas

## SECRETARY OF STATE

### NOTICE OF HEARING ON PROPOSED ADMINISTRATIVE REGULATIONS

The Secretary of State will conduct a public hearing on a proposed permanent regulation at 8 a.m. Monday, September 12, in Room 245-N, State Capitol, Topeka. Interested parties will be given reasonable opportunity at the hearing to present their views or arguments on adoption of this regulation either orally or in writing.

The regulation proposed for adoption as a permanent regulation directs each county register of deeds, when providing information concerning filings under Article 9 of Chapter 84 of Kansas Statutes Annotated to persons by telecopier, to charge \$10 for a statement of filings and \$2 per page for copies of financing statements or related statements. The register of deeds shall then remit \$5 to the county general fund.

The purpose of the proposed regulation is to allow each county register of deeds to retain more money on requests for statement of filings made through telecopier.

The regulation will have no economic impact on the general public. The Secretary of State's revenues will decrease approximately \$15,000 per year. The registers of deeds will share an increase in revenues of approximately \$15,000.

Copies of the proposed regulation and the economic impact statement can be obtained from the Secretary of State, 2nd Floor, State Capitol, Topeka 66612, (913) 296-2236.

This 45-day notice constitutes a public comment period for the purpose of receiving written public comments on the proposed regulation. Written comments may be submitted to the Secretary of State at the address above.

BILL GRAVES  
Secretary of State

Doc. No. 006851

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