

TRANSCRIPT OF PROCEEDINGS

AUTHORIZING THE ISSUANCE

OF

\$740,000

CITY OF CANEY, KANSAS

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1**

DATED JANUARY 6, 2022

Legal Opinion

**Gilmore & Bell, P.C.
Wichita, Kansas**

\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1
DATED JANUARY 6, 2022

CLOSING LIST

The transcript of proceedings will be prepared in electronic format unless otherwise noted, for the above referenced issue (the “Notes”), and distributed as follows:

1. City of Caney, Kansas (the “Issuer”)
2. Hall, Levy, DeVore, Bell, Ott & Kritz, P.A., Coffeyville, Kansas (“Issuer's Counsel”)
3. Attorney General of the State of Kansas [*Original*]
4. State Treasurer, Topeka, Kansas (the “Paying Agent”)
5. Northland Securities, Inc., Minneapolis, Minnesota (the “Original Purchaser”)
6. Ranson Financial Group, LLC, Wichita, Kansas (the “Municipal Advisor”)
7. Gilmore & Bell, P.C., Wichita, Kansas (“Bond Counsel”)

Document
Number

PROCEEDINGS AUTHORIZING THE IMPROVEMENTS

1. **Public Building Improvements-Grocery Store**
 - Cost Estimate
 - Excerpt of Minutes of the governing body meeting evidencing adoption of Resolution No. 1359
 - Resolution No. 1359 authorizing public building improvements

**PROCEEDINGS AUTHORIZING THE SALE
AND ISSUANCE OF THE NOTES**

2. Excerpt of Minutes of the governing body meeting evidencing adoption of Resolution No. 1403
3. Resolution No. 1403 authorizing the offering for sale of the Notes
4. Notice of Note Sale, Preliminary Official Statement and Certificate Regarding Preliminary Official Statement
5. Official Statement

6. Excerpt of Minutes of the governing body meeting evidencing adoption of Resolution No. 1405
7. Resolution No. 1405 authorizing the issuance of the Notes and prescribing the form and details of the Notes

CLOSING DOCUMENTS

8. Transcript Certificate
 - Exhibit A* – Statement of Costs
 - Exhibit B* – Schedule of Outstanding General Obligation Indebtedness
9. Uniform Facsimile of Signature Certificate
10. Authorization of State Treasurer to use facsimile signature and seal
11. Specimen Note and Printer's Certificate
12. Agreement Between Issuer and Agent
13. DTC Blanket Letter of Representations
14. Closing Certificate
15. Federal Tax Certificate
 - Exhibit A* – Internal Revenue Service Form 8038-G and evidence of filing
 - Exhibit B* – Receipt for Purchase Price
 - Exhibit C* – Receipt and Representation
 - Exhibit C-1* – Certificate of Municipal Advisor
 - Exhibit D* – Description of Property Comprising the Financed Improvements
 - Exhibit E* – Sample Annual Compliance Checklist
 - Schedule 1* – Debt Service Schedule & Proof of Yield

LEGAL OPINIONS

16. Approving legal opinion of Gilmore & Bell, P.C.
17. Approval letter of Attorney General

MISCELLANEOUS DOCUMENTS

18. Closing Letter

* * * * *

Start-up Costs	
Building Site Preparation Expenditures	
Site acquisition	\$35,000.00
Exterior Building Rehab	Appendix Item Iv
North end of building	\$38,000.00
Exterior of building walls	\$7,000.00
Re-locate Building entrance	\$25,000.00
Interior Re-set	
Volenters to remove existing interior walls wall framing, insulation volunteers materials	\$0.00
Paint interior walls ceiling volunteers	\$15,000.00
Paint interior walls ceiling volunteers	\$1,500.00
Construct Meat Market Processing Area	\$15,000.00
Plumbing	\$40,000.00
Electrical	\$85,000.00
HVAC Relocating existing and adding capacity	\$30,000.00
Loading Dock Improvements and lift	\$3,500.00
Subtotal	\$295,000.00
Grocery Store Interior Equipment	
Walk-ins	
1 Frozen Food Backstock 10x15	\$9,000.00
1 Refrigeration Backstock Produce, Dairy other refrigerated inventory 10x15	\$7,000.00
1 Meat and Deli Fresh Storage located in meat market area. 10 x 10	\$5,000.00
Upright Reach-in Frozen Food Merchandisers 5	\$30,000.00
Upright Reach-in Refrig Food Merchandisers 5	\$20,000.00
Meat Market Fresh Display Cases	\$9,100.00
Deli Display Case	\$2,295.00
Cheese Display Case	\$2,295.00
Meat Mkt processing Equipment	\$12,000.00
Fresh Produce & Fruit Display Cases 2	\$14,200.00
Gondala Shelving	\$8,000.00
Cardboard Recycle Compactor (might be provided)	\$5,000.00
Electric Floor Jack and manual jack	\$5,500.00
Miscellaneous Equipment	\$8,000.00
Subtotal	\$137,390.00
Start-up Inventory Start-up Inventory	\$130,340.00
Start-up cash flow 1 month	\$135,000.00
Total Start-up Costs	\$697,730.00

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF CANEY, KANSAS
HELD ON APRIL 15, 2019**

The governing body met in regular session at the usual meeting place in the City at 6:00 p.m., the following members being present and participating, to-wit:

THOMAS C. BURK, JR., Mayor;
Councilmembers MARIANNE RANES, RALPH ANTHONY, KENITH BUTTS,
LORI PATTERSON, DEBBIE WOOD, KEITH ROGERS and
DAN JOHNSTON (ARRIVED AT 6:20 p.m.)

Absent: AARON ELLIOTT

The Mayor declared that a quorum was present and called the meeting to order.

(Other Proceedings)

There was presented a Resolution entitled:

**A RESOLUTION AUTHORIZING AND PROVIDING FOR THE ACQUISITION
AND EQUIPPING OF A PUBLIC BUILDING IN THE CITY OF CANEY,
KANSAS; AND PROVIDING FOR THE PAYMENT OF THE COSTS THEREOF.**

Councilmember LORI PATTERSON moved that the Resolution be adopted. The motion was seconded by Councilmember KENITH BUTTS. The Resolution was duly read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the governing body as follows:

Yea: MARIANNE RANES, RALPH ANTHONY, KENITH BUTTS, LORI PATTERSON,
DEBBIE WOOD, KEITH ROGERS.

Nay: NONE.

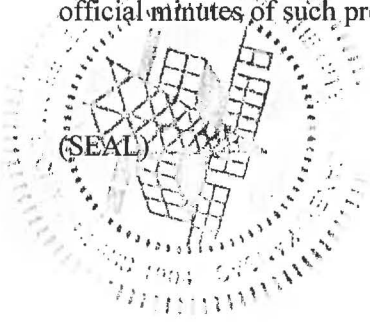
The Mayor declared the Resolution duly adopted and the Resolution was then numbered Resolution No. 1359 and was signed by the Mayor and attested by the City Clerk.

(Other Proceedings)

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CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the governing body of the city of Caney, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.



Debbie Morrison
City Clerk

RESOLUTION NO. 1359

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE ACQUISITION AND EQUIPPING OF A PUBLIC BUILDING IN THE CITY OF CANEY, KANSAS; AND PROVIDING FOR THE PAYMENT OF THE COSTS THEREOF.

WHEREAS, K.S.A. 12-1736 provides, in part, that any city in the State of Kansas may erect or construct, acquire a public building or buildings and procure any necessary site therefor and may alter, repair, reconstruct, remodel, replace or make additions to, furnish and equip a public building or buildings; and

WHEREAS, K.S.A. 12-1737 provides, in part, that the governing body of any city may, for the purposes of financing the costs associated with the foregoing, issue general obligation bonds of the City; and

WHEREAS, the governing body of the City of Caney, Kansas (the "City"), hereby finds and determines it to be necessary to authorize and provide for the acquisition, construction, renovation, improvement and equipping of a building in the City to be owned and operated by the City as a commercial grocery store facility (the "Project"); and

WHEREAS, the Project does not consist of the acquisition or construction of city offices, public libraries, auditoriums, community or recreational buildings, and the City may issue general obligation bonds to pay the costs thereof without the necessity of an election, all as provided by K.S.A. 12-1736 *et seq.*, as amended and supplemented from time to time (the "Act").

THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS:

Section 1. Project Authorization. The acquisition, construction, renovation, improvement and equipping of the Project, a public building in the City, shall be made under the provisions of the Act in accordance with plans and specifications to be approved by the governing body of the City and placed on file with the City Clerk.

Section 2. Bond Authorization. The estimated costs of the Project are in the amount of \$697,730. All or a portion of the costs of the Project, interest on interim financing and associated financing costs shall be payable from the proceeds of general obligation bonds of the City issued under authority of the Act (the "Bonds"), the balance of such costs to be paid by grants and/or donations related to the Project.

Section 3. Reimbursement. The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of this Resolution, pursuant to Treasury Regulation § 1.150-2.

Section 4. Effective Date. This Resolution shall take effect and be in full force from and after its adoption by the governing body of the City.

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ADOPTED by the governing body of the City on April 15, 2019.



Thomas D. Burb

Mayor

Debbie Morrison

City Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Resolution of the City adopted by the governing body on April 15, 2019, as the same appears of record in my office.

DATED: April 15, 2019.

Debbie Morrison

City Clerk

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF CANEY, KANSAS
HELD ON NOVEMBER 15, 2021**

The City Council (the "Governing Body") met in regular session at the usual meeting place in the City at 6:00 p.m., the following members being present and participating, to-wit:

THOMAS C. BURK, JR. (Mayor), MARIANNE RANES, LORI PATTERSON,
DAN JOHNSTON, DEBBIE WOOD, KEITH ROGERS, KENITH BUTTS and SHIRLEY DAVIS

Absent: VACANCY IN WARD 2

The Mayor declared that a quorum was present and called the meeting to order.

(Other Proceedings)

The matter of providing for the offering for sale of General Obligation Temporary Notes, Series 2022-1, came on for consideration and was discussed.

Councilmember LORI PATTERSON presented and moved the adoption of a Resolution entitled:

**A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL
OBLIGATION TEMPORARY NOTES, SERIES 2022-1, OF THE CITY OF
CANEY, KANSAS.**

Councilmember KENITH BUTTS seconded the motion to adopt the Resolution. The Resolution was read and considered, and the vote thereon was as follows:

Aye: MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD,
KEITH ROGERS, KENITH BUTTS and SHIRLEY DAVIS.

Nay: NONE.

The Mayor declared the Resolution duly adopted by the Governing Body and the Clerk designated the same Resolution No. 1403.

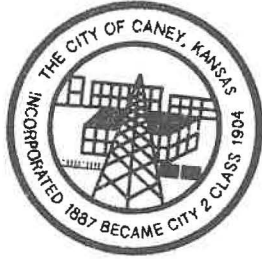
(Other Proceedings)

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CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the governing body of the City of Caney, Kansas, held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)



Debbie Morrison
Clerk

RESOLUTION NO. 1403

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2022-1, OF THE CITY OF CANEY, KANSAS.

WHEREAS, the City of Caney, Kansas (the "Issuer"), has previously authorized certain improvements described as follows (the "Improvements"):

<i>Project Description</i>	<i>Res. No.</i>	<i>Authority (K.S.A.)</i>	<i>Estimated Cost</i>
Public building improvements-Grocery Store	1359	12-1736 <i>et seq.</i>	\$697,730

WHEREAS, the Issuer is authorized by law to issue general obligation bonds to pay the costs of the Improvements; and

WHEREAS, it is necessary for the Issuer to provide cash funds (from time to time) to meet its obligations incurred in constructing the Improvements prior to the completion thereof and the issuance of the Issuer's general obligation bonds, and it is desirable and in the interest of the Issuer that such funds be raised by the issuance of temporary notes of the Issuer; and

WHEREAS, the Issuer has previously issued the following temporary notes to temporarily finance a portion of the costs of the Improvements (the "Refunded Notes"):

<u>Series</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>	<u>Redemption Amount</u>	<u>Redemption Date</u>
2020-1	02/19/20	03/01/22	\$1,252,000	\$712,000	\$712,000	01/06/22

WHEREAS, all aspects of the Improvements will not be completed prior to the maturity date of the Refunded Notes and it is necessary for the Issuer to provide cash funds to meet its obligations on the Refunded Notes by the issuance of additional temporary notes of the Issuer; and

WHEREAS, the Issuer proposes to issue its temporary notes to pay the costs of the Improvements and to retire the Refunded Notes; and

WHEREAS, the City Council of the Issuer (the "Governing Body") has selected the firm of Ranson Financial Group, LLC, Wichita, Kansas (the "Municipal Advisor"), as municipal advisor for one or more series of temporary notes of the Issuer in order to provide funds to temporarily finance the Improvements and to retire the Refunded Notes; and

WHEREAS, the Issuer desires to authorize the Municipal Advisor to proceed with the offering for sale of the temporary notes and related activities; and

WHEREAS, one of the duties and responsibilities of the Issuer is to prepare and distribute a preliminary official statement and notice of sale relating to the temporary notes, if necessary; and

WHEREAS, the Issuer desires to authorize the Municipal Advisor and Gilmore & Bell, P.C., Wichita, Kansas, the Issuer's bond counsel ("Bond Counsel"), in conjunction with the Clerk, to proceed

with the preparation and distribution of a preliminary official statement and notice of note sale, if necessary, and to authorize all preliminary action necessary to sell the temporary notes; and

WHEREAS, due to the volatile nature of the municipal bond market and the desire of the Issuer to achieve maximum benefit of timing of the sale of the temporary notes, the Governing Body desires to authorize the Mayor to award the sale of the temporary notes, if necessary, prior to the next meeting of the Governing Body to adopt the necessary resolution providing for the issuance thereof.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CANEY, KANSAS, AS FOLLOWS:

Section 1. The Issuer is hereby authorized to proceed with the offering for sale of the General Obligation Temporary Notes, Series 2022-1 (the "Notes"), by either a competitive public sale or a negotiated sale basis at the discretion of the City Administrator in consultation with the Municipal Advisor.

(a) If sold at competitive public sale, all proposals for the purchase of the Notes shall be submitted upon the terms and conditions set forth in the notice of note sale (the "Notice of Sale"), and shall be reviewed by the Mayor, City Administrator, Clerk, the Municipal Advisor and Bond Counsel as soon after the submittal hour as possible. If sold at competitive public sale, the Mayor is hereby authorized to award the sale of the Notes to the submitter of the best proposal as determined pursuant to the provisions of the Notice of Sale or to reject all proposals; provided, however, that: (1) the principal amount of the Notes shall not exceed \$745,000; and (2) the true interest cost of the Notes shall not exceed 2%. All proposals for the purchase of the Notes shall be delivered to the Governing Body at its meeting to be held on the date referenced in the Notice of Sale, at which meeting the Governing Body shall review such proposals and ratify the award of the sale of the Notes or the rejection of all proposals.

(b) If sold at negotiated sale, the Notes shall be sold, subject to the approving opinion of Bond Counsel, on a negotiated basis to a purchaser or purchasers (collectively the "Purchaser") to be designated by the City Administrator, in consultation with the Clerk and Municipal Advisor, after evaluating information received from the prospective purchasers. The timing of offering for sale, the pricing, the determination of the structuring and repayment terms of the Notes and the selection of various other professionals necessary to complete the issuance of the Notes, shall be determined by the City Administrator, in consultation with the Clerk, the Municipal Advisor and Bond Counsel. If sold at negotiated sale, the confirmation of the sale of the Notes shall be subject to the execution of a note purchase agreement between the Purchaser and the Issuer (the "Note Purchase Agreement") in a form approved by Bond Counsel and the Issuer's legal counsel, the adoption of a resolution by the Governing Body authorizing the issuance of the Notes and the execution of various documents necessary to deliver the Notes. The Mayor is hereby authorized to execute the Note Purchase Agreement subject to the following parameters: (1) the principal amount of the Notes shall not exceed \$745,000; and (2) the true interest cost of the Notes shall not exceed 2%.

Section 2. To the extent necessary, the Mayor and Clerk, in conjunction with the Municipal Advisor and Bond Counsel, are hereby authorized to cause to be prepared a Preliminary Official Statement relating to the Notes (the "Preliminary Official Statement") and the Notice of Sale, and such officials and other representatives of the Issuer are hereby authorized to use such document in connection with the sale of the Notes. The Mayor and Clerk are each hereby authorized to approve the form of the Preliminary Official Statement, if necessary, and to execute the "Certificate Regarding Preliminary Official Statement" as approval of the Preliminary Official Statement, such official's signature thereon being conclusive evidence of such official's and the Issuer's approval thereof. The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Notes or within sufficient

time to accompany any confirmation that requests payment from any customer of the Purchaser, whichever is earlier, sufficient copies of the final Official Statement, if necessary, to enable the Purchaser to comply with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 3. The Mayor, City Administrator, Clerk, and the other officers and representatives of the Issuer, the Municipal Advisor and Bond Counsel are hereby authorized and directed to take such other action as may be necessary to: (a) carry out the sale of the Notes; and (b) to make provision for payment and/or redemption of the Refunded Notes from proceeds of the Notes.

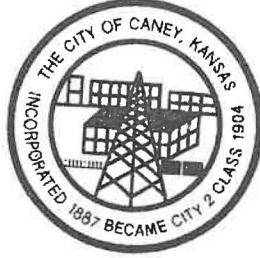
The transactions described in this Resolution may be conducted, and documents related to the Notes may be sent, received, executed, and stored, by electronic means or transmissions. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic means or transmissions) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 4. This Resolution shall be in full force and effect from and after its adoption.

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ADOPTED by the governing body of the City on November 15, 2021.

(SEAL)



ATTEST:



Mayor



Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Resolution of the City adopted by the governing body on November 15, 2021, as the same appears of record in my office.

DATED: November 15, 2021.



Clerk

NOTICE OF NOTE SALE

\$740,000*

CITY OF CANEY, KANSAS

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1**

**(GENERAL OBLIGATION NOTES PAYABLE
FROM UNLIMITED AD VALOREM TAXES)**

Bids. Facsimile, email and electronic (as explained below) bids for the purchase of the above-referenced temporary notes (the “Notes”) of the City of Caney, Kansas (the “Issuer”) herein described will be received on behalf of the undersigned Municipal Advisor of the Issuer at the address hereinafter set forth in the case of email and facsimile bids, and via PARITY® in the case of electronic bids, until 11:00 A.M. applicable Central Time (the “Submittal Hour”), on

DECEMBER 16, 2021

(the “Sale Date”). All bids will be publicly evaluated at said time and place and the award of the Notes to the successful bidder (the “Successful Bidder”) will be acted upon immediately thereafter by the Issuer’s Mayor, and ratified by the City Council of the Issuer (the “Governing Body”) at its meeting to be held at 7:00 p.m. on December 20, 2021. No oral or auction bids will be considered. Capitalized terms not otherwise defined herein shall have the meanings set forth in the hereinafter referenced Preliminary Official Statement relating to the Notes.

Terms of the Notes. The Notes will consist of fully registered notes in the denomination of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). The Notes will be dated January 6, 2022 (the “Dated Date”), and will become due in principal installments, as follows:

Stated Maturity	Principal
<u>(February 15)</u>	<u>Amount*</u>
2024	\$740,000

The Notes will bear interest from the Dated Date at rates to be determined when the Notes are sold as hereinafter provided, which interest will be payable semiannually on February 15 and August 15 in each year, beginning on August 15, 2022 (the “Interest Payment Dates”).

***Adjustment of Issue Size.** The Issuer reserves the right to increase or decrease the total principal amount of the Notes or the schedule of principal payments described above, depending on the purchase price and interest rates bid and the offering prices specified by the Successful Bidder. The Successful Bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the Notes or schedule of principal payments as described herein. If there is an increase or decrease in the final aggregate principal amount of the Notes or the schedule of principal payments as described above, the Issuer will notify the Successful Bidder by means of telephone or facsimile transmission, subsequently confirmed in writing, no later than 2:00 p.m., applicable Central Time, on the Sale Date. The actual purchase price for the Notes shall be calculated by applying the

percentage of par value bid by the Successful Bidder against the final aggregate principal amount of the Notes, as adjusted, plus accrued interest from the Dated Date to the Closing Date (as hereinafter defined).

Place of Payment. The principal of and interest on the Notes will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Note Registrar"). The principal of each Note will be payable at maturity or earlier redemption to the owners thereof whose names are on the registration books (the "Note Register") of the Note Registrar (the "Registered Owner") upon presentation and surrender at the principal office of the Paying Agent. Interest on each Note will be payable to the Registered Owner of such Note as of the first day (whether or not a Business Day) of the calendar month of such Interest Payment Date (the "Record Date"): (a) mailed by the Paying Agent to the address of such Registered Owner as shown on the Note Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Registered Owner of \$500,000 or more in aggregate principal amount of Notes, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address to which such Registered Owner wishes to have such wire directed.

Note Registration. The Notes will be registered pursuant to a plan of registration approved by the Issuer and the Attorney General of the State of Kansas (the "State"). The Issuer will pay for the fees of the Note Registrar for registration and transfer of the Notes and will also pay for printing a reasonable supply of registered note blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, will be the responsibility of the Registered Owners.

Book-Entry-Only System. The Notes shall be initially registered in the name of Cede & Co., as the nominee of DTC and no beneficial owner will receive certificates representing their interests in the Notes. During the term of the Notes, so long as the book-entry-only system is continued, the Issuer will make payments of principal of, premium, if any, and interest on the Notes to DTC or its nominee as the Registered Owner of the Notes. DTC will make book-entry-only transfers among its participants and receive and transmit payment of principal of, premium, if any, and interest on the Notes to its participants who shall be responsible for transmitting payments to beneficial owners of the Notes in accordance with agreements between such participants and the beneficial owners. The Issuer will not be responsible for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that: (a) DTC determines not to continue to act as securities depository for the Notes, or (b) the Issuer determines that continuation of the book-entry-only form of evidence and transfer of ownership of the Notes would adversely affect the interests of the beneficial owners of the Notes, the Issuer will discontinue the book-entry-only form of registration with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer will cause to be authenticated and delivered to the beneficial owners replacement Notes in the form of fully registered certificates. Reference is made to the Preliminary Official Statement for further information regarding the book-entry-only system of registration of the Notes and DTC.

Redemption of Notes Prior to Maturity.

General. Whenever the Issuer is to select Notes for the purpose of redemption, it will, in the case of Notes in denominations greater than the minimum Authorized Denomination, if less than all of the Notes then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such fully registered Note as though it were a separate Note in the minimum Authorized Denomination.

Optional Redemption. At the option of the Issuer, the Notes will be subject to redemption and payment prior to maturity on February 15, 2023, and thereafter, as a whole or in part (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

Notice and Effect of Call for Redemption. Unless waived by any owner of Notes to be redeemed, if the Issuer shall call any Notes for redemption and payment prior to the maturity thereof, the Issuer shall give written notice of its intention to call and pay said Notes to the Note Registrar and the Successful Bidder. In addition, the Issuer shall cause the Note Registrar to give written notice of redemption to the registered owners of said Notes. Each of said written notices shall be deposited in United States first class mail not less than 30 days prior to the Redemption Date. All notices of redemption shall state the Redemption Date, the redemption price, the Notes to be redeemed, the place of surrender of Notes so called for redemption and a statement of the effect of the redemption. The Issuer shall also give such additional notice as may be required by State law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Note be called for redemption and payment as aforesaid, all interest on such Note shall cease from and after the Redemption Date, provided funds are available for its payment at the price hereinbefore specified.

Authority, Purpose and Security. The Notes are being issued pursuant to K.S.A. 10-123, and K.S.A. 12-1736 *et seq.*, as amended, and a resolution adopted by the Governing Body (the "Note Resolution") for the purpose of paying the costs of certain public building improvements (the "Improvements") and retiring certain outstanding temporary notes previously issued to pay a portion of the costs of the Improvements. The Notes shall be general obligations of the Issuer payable as to both principal and interest and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Notes as the same become due.

Submission of Bids. Facsimile and email bids must be made on forms which may be procured from the Municipal Advisor and shall be addressed to the undersigned, and marked "Proposal for General Obligation Temporary Notes, Series 2022-1." Email bids should be sent only once to the Municipal Advisor at bids@ransonfinancial.com. Confirmation of receipt of email bids may be made by contacting the Municipal Advisor at the number listed below. Facsimile bids should not be preceded by a cover sheet and should be sent only once to (316) 265-5403. Confirmation of receipt of facsimile bids may be made by contacting the Municipal Advisor at the number listed below. Electronic bids via PARITY® must be submitted in accordance with its Rules of Participation, as well as the provisions of this Notice of Note Sale. **Any bid submitted shall include the initial offering prices to the public for the Notes.** If provisions of this Notice of Note Sale conflict with those of PARITY®, this Notice of Note Sale shall control. Bids must be received prior to the Submittal Hour on the Sale Date. The Issuer and Municipal Advisor shall not be responsible for failure of receipt of any facsimile or email bid.

PARITY®. Information about the electronic bidding services of PARITY® may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5023.

Conditions of Bids. Proposals will be received on the Notes bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) the same rate shall apply to all Notes; (b) no interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond published by **THE BOND BUYER**, in New York, New York, on the Monday next preceding the day on which the Notes are sold, plus 3%; (c) no supplemental interest payments will be considered; and (d) each interest rate specified shall be a multiple of 1/8 or 1/20 of 1%.. No bid shall be for less than **98.75%** of

the principal amount of the Notes and accrued interest thereon to the date of delivery will be considered. Each bid shall specify the total interest cost (expressed in dollars) during the term of the Notes on the basis of such bid, and the average annual net interest rate (expressed as a percentage) on the basis of such bid. Each bidder shall certify to the Issuer the correctness of the information contained on the Official Bid Form; the Issuer will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the Notes, it will provide the certification described under the caption "Establishment of Issue Price" in this Notice.

Good Faith Deposit. No good faith deposit will be required.

Basis of Award. The award of the Notes will be made on the basis of the lowest net interest cost (expressed in dollars), which will be determined by subtracting the amount of the premium bid, if any, from or adding the amount of the discount bid, if any, to the total interest cost to the Issuer. The Issuer or its Municipal Advisor will compute the net interest cost based on such bids. If there is any discrepancy between the net interest cost specified and the interest rates 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 of the Issuer will determine which bid, if any, will be accepted, and its determination is final.

The Issuer reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any bid received after the Submittal Hour on the Sale Date will not be considered. Any disputes arising hereunder shall be governed by the laws of the State, and any party submitting a bid agrees to be subject to jurisdiction and venue of the federal and state courts within the State with regard to such dispute.

The Issuer's acceptance of the Successful Bidder's proposal for the purchase of the Notes in accordance with this Notice of Note Sale shall constitute a note purchase agreement between the Issuer and the Successful Bidder for purposes of the laws of the State and a contract between the Issuer and the Successful Bidder for the purposes of Rule G-32 of the Municipal Securities Rulemaking Board ("Rule G-32"). The method of acceptance shall be determined solely by the Governing Body.

Ratings. The Issuer has **not** applied for a rating on the Notes herein offered for sale.

Optional Bond Insurance. The Issuer has **not** applied for any policy of municipal bond insurance with respect to the Notes, and will not pay the premium in connection with any policy of municipal bond insurance desired by the Successful Bidder. In the event a bidder desires to purchase and pay all costs associated with the issuance of a policy of municipal bond insurance in connection with the Notes, such indication and the name of the desired insurer must be set forth on the bidder's Official Bid Form, and shall specify all terms and conditions to which the Issuer will be required to agree in connection with the issuance of such insurance policy. The Issuer specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest net interest cost to the Issuer.

CUSIP Numbers. CUSIP identification numbers will be assigned and printed on the Notes, but neither the failure to print such number on any Note 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 Notes in accordance with the terms of this Notice. The Municipal Advisor will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. All expenses in relation to the assignment and printing of CUSIP numbers on the Notes will be paid by the Issuer.

Delivery and Payment. The Issuer will pay for printing the Notes and will deliver the Notes properly prepared, executed and registered without cost on or about **JANUARY 6, 2022** (the “Closing Date”), at DTC for the account of the Successful Bidder. The Successful Bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Notes and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Notes affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Notes shall be made in federal reserve funds, immediately available for use by the Issuer. The Issuer will deliver one Note of each maturity registered in the nominee name of DTC.

Establishment of Issue Price.

(a) In order to provide the Issuer with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively the “Code”), the Successful Bidder will be required to assist the Issuer in establishing the “issue price” of the Notes and complete, execute and deliver to the Issuer prior to the Closing Date, a written certification in a form acceptable to the Successful Bidder, the Issuer and Bond Counsel (the “Issue Price Certificate”) containing the following for the Notes: (1) the interest rate; (2) the reasonably expected initial offering price to the “public” (as said term is used in Treasury Regulation Section 1.148-1(f) (the “Regulation”)) or the sale price; and (3) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Successful Bidder has purchased the Notes for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Notes for sale to the public. Any action to be taken or documentation to be received by the Issuer pursuant hereto may be taken or received by the Municipal Advisor or Bond Counsel on behalf of the Issuer.

(b) The Issuer intends that the sale of the Notes pursuant to this Notice shall constitute a “competitive sale” as defined in the Regulation. In support thereof: (1) the Issuer shall cause this Notice to be disseminated to potential bidders in a manner reasonably designed to reach potential bidders; (2) all bidders shall have an equal opportunity to submit a bid; (3) the Issuer reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Notes; and (4) the Issuer anticipates awarding the sale of the Notes to the bidder that provides a bid with the lowest NIC in accordance with the section hereof entitled “Basis of Award.”

(c) Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Notes as specified therein. The Successful Bidder shall constitute an “underwriter” as said term is defined in the Regulation. By submitting its bid, the Successful Bidder confirms that it shall require any agreement among underwriters, a selling group agreement or other agreement to which it is a party relating to the initial sale of the Notes, to include provisions requiring compliance with provisions of the Code and the Regulation regarding the initial sale of the Notes.

(d) If all of the requirements of a “competitive sale” are not satisfied, the Issuer shall advise the Successful Bidder of such fact at the time of award of the sale of the Notes to the Successful Bidder and the following provisions shall apply to the Notes. ***In such event, any bid submitted will not be subject to cancellation or withdrawal.*** Within twenty-four (24) hours of the notice of award of the sale of the Notes, the Successful Bidder shall advise the Issuer if a “substantial amount” (as defined in the Regulation (10%)) of the Notes has been sold to the public and the price at which such substantial amount was sold. The Issuer will treat such sale price as the “issue price” for the Notes. The Issuer will ***not*** require the Successful Bidder to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the Notes, but the Successful Bidder may elect such option. If

the Successful Bidder exercises such option, the Issuer will apply the initial offering price to the public provided in the bid as the issue price for the Notes. If the Successful Bidder does not exercise that option, it shall thereafter promptly provide the Issuer the prices at which a substantial amount of the Notes are sold to the public. *Any change in the issue price of any of the Notes after the Submittal Hour will not affect the purchase price for the Notes submitted in the bid of the Successful Bidder.*

(e) This agreement by the Successful Bidder to provide such information will continue to apply after the Closing Time if: (a) the Issuer requests the information in connection with an audit or inquiry by the Internal Revenue Service (the “IRS”) or the Securities and Exchange Commission (the “SEC”) or (b) the information is required to be retained by the Issuer pursuant to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

Preliminary Official Statement and Official Statement. The Issuer has prepared a Preliminary Official Statement dated November 15, 2021, copies of which may be obtained from the Clerk or from the Municipal Advisor. Upon the sale of the Notes, the Issuer will adopt the final Official Statement and will furnish the Successful Bidder, without cost, with a sufficient number of copies thereof, which may be in electronic format, in order for the Successful Bidder to comply with the requirements of Rule G-32. Additional copies may be ordered by the Successful Bidder at its expense.

Continuing Disclosure. The Securities and Exchange Commission (the “SEC”) has promulgated amendments to its Rule 15c2-12 (the “Rule”) requiring continuous secondary market disclosure for certain issues. The Issuer is relying on a provision of the Rule that exempts issues of less than \$1,000,000 aggregate principal amount from the requirements of the Rule and therefore has **not** covenanted to provide continuous secondary market disclosure. However, the Issuer obtains an audit of its annual financial statements by independent auditors, and presently intends to supply its most recent audited financial statements to any Registered Owner upon written request and reimbursement to the Issuer of the costs of the photocopying and mailing. The absence of continuing disclosure of financial or other information pertaining to the Issuer may impair the development of a secondary market for the Notes and could impair the ability of a Registered Owner to sell the Notes in the secondary market.

Assessed Valuation and Indebtedness. The total assessed valuation of the taxable tangible property within the Issuer for the year 2021 is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property	\$ 8,634,720
Tangible Valuation of Motor Vehicles (2020)	<u>1,383,515</u>
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations	\$10,018,235

The total general obligation indebtedness of the Issuer as of the Dated Date, including the Notes being sold, but excluding temporary notes to be retired in conjunction therewith, is \$7,088,793.

Legal Opinion. The Notes will be sold subject to the approving legal opinion of GILMORE & BELL, P.C., WICHITA, KANSAS, Bond Counsel to the Issuer, which opinion will be furnished and paid for by the Issuer, will be printed on the Notes, if the Notes are printed, and will be delivered to the Successful Bidder when the Notes are delivered. Said opinion will also include the opinion of Bond Counsel relating to the interest on the Notes being excludable from gross income for federal income tax purposes and exempt from income taxation by the State of Kansas. Reference is made to the Preliminary

Official Statement for further discussion of federal and Kansas income tax matters relating to the interest on the Notes.

Electronic Transactions. The transactions described herein may be conducted and related documents may be sent, received and stored by electronic means or transmissions. All bid documents, closing documents, certificates, ordinances, resolutions and related instruments may be executed by electronic means or transmissions. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic means or transmissions) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Additional Information. Additional information regarding the Notes may be obtained from the undersigned, or from the Municipal Advisor, at the addresses set forth below:

DATED: November 15, 2021.

CITY OF CANEY, KANSAS
By: Debbie Morrison, Clerk

Issuer:

City Hall
100 W. 4th Avenue
Caney, Kansas 67333
Attn: Debbie Morrison, Clerk
Phone No.: (620) 879-2772
Email: cityclerk@caney.kscoxmail.com

Municipal Advisor – Facsimile and Email Bid Delivery Address:

Ranson Financial Group, LLC
200 W. Douglas, Suite 600, Wichita, Kansas 67202
Attn: Beth Warren
Email: ewarren@ransonfnancial.com
Phone No.: (316) 264-3400
Fax No.: (316) 265-5403
Bid Email: bids@ransonfinancial.com

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 15, 2021

**NEW ISSUE
BOOK ENTRY ONLY**

**NOT RATED
BANK QUALIFIED**

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the interest on the Notes [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; (2) the interest on the Notes is exempt from income taxation by the State of Kansas; and (3) the Notes are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" herein.

\$740,000*

**CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1**

Dated: As of the Delivery Date shown below

Due: February 15, 2024

The General Obligation Temporary Notes, Series 2022-1 (the "Notes") will be issued by the City of Caney, Kansas (the "City" or "Issuer"), as fully registered Notes without coupons and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Note Registrar shall determine. Purchasers will not receive certificates representing their interests in Notes purchased. So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the Note owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Notes. Principal will be payable at stated maturity or earlier redemption upon presentation and surrender of the Notes by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as note registrar and paying agent (the "Note Registrar" and "Paying Agent"). Interest on each Note will be payable semiannually on February 15 and August 15, commencing on August 15, 2022 to the persons who are registered owners of the Notes as of the close of business on the first day (whether or not a business day) of the calendar month of such interest payment date by check or draft of the Paying Agent mailed to such registered owner or, in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Notes, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

The Notes and the interest thereon will constitute general obligations of the Issuer, payable from the proceeds of the Issuer's general obligation bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer.

MATURITY SCHEDULE*

<u>Stated Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹ Base: 13752N</u>
02/15/2024	\$740,000	___%	___%	

(All plus accrued interest, if any)

¹CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a subsidiary of The McGraw-Hill Companies, Inc, and is included solely for the convenience of the Owners of the Notes. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

The Notes may be called for redemption and payment prior to their Stated Maturity on February 15, 2023, and thereafter as a whole or in part at any time (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date (see "THE NOTES – Redemption Provisions" herein).

The Notes are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. Certain other legal matters will be passed upon by Paul Kritz, Esq., Coffeyville, Kansas, counsel for the Issuer. It is expected that the Notes will be available for delivery through the facilities of the Depository Trust Company in New York, New York on or about January 6, 2022.

SEALED BIDS WILL BE ACCEPTED ON BEHALF OF:

**THE CITY OF CANEY, KANSAS
ON DECEMBER 16, 2021 UNTIL 11:00 A.M. C.T.
BY RANSON FINANCIAL GROUP, LLC
200 W. DOUGLAS, SUITE 600
WICHITA, KANSAS 67202**

PHONE: (316) 264-3400 ~ FAX: (316) 265-5403 ~ EMAIL: bids@ransonfinancial.com

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE PRELIMINARY OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. "APPENDIX C - SUMMARY OF FINANCING DOCUMENTS" CONTAINS DEFINITIONS USED IN THIS PRELIMINARY OFFICIAL STATEMENT.

* Subject to change.

This Preliminary Official Statement and information contained herein are subject to completion or amendment without notice. These securities may not be sold nor an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

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

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

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

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

\$740,000*
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

Governing Body

Thomas C. Burk Jr., Mayor
Kenneth Butts, Councilmember
Shirley Davis, Councilmember
Dan Johnston, Councilmember
Lori Patterson, Councilmember
Marianne Ranes, Councilmember
Keith Rogers, Councilmember
Debbie Wood, Councilmember
Vacant, Councilmember

City Staff

Fred Gress, City Manager
Debbie Morrison, City Clerk
Sara Shively, City Treasurer

City Attorney

Paul Kritz, Esq.
Coffeyville, Kansas

Bond Counsel

Gilmore & Bell, P.C.
Wichita, Kansas

Paying Agent/Bond Registrar

Office of State Treasurer
Topeka, Kansas

Financial Advisor

Ranson Financial Group, LLC
Wichita, Kansas

Underwriter

* Subject to change.

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

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APPENDIX A – INFORMATION CONCERNING THE ISSUER

APPENDIX B – AUDITORS’ REPORT FOR YEAR ENDED DECEMBER 31, 2020

APPENDIX C – SUMMARY OF FINANCING DOCUMENTS

\$740,000*
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

INTRODUCTION

General Matters

The purpose of this Preliminary Official Statement is to furnish information relating to the City of Caney, Kansas (the "Issuer" or the "City"), and the General Obligation Temporary Notes, Series 2022-1 (the "Notes"), of the Issuer, dated January 6, 2022 (the "Dated Date").

The Notes are being issued for the purpose of providing interim financing for certain internal improvements and to pay costs associated with the issuance of the Notes.

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

The Issuer is a municipal corporation and city of the third class duly organized and existing under the laws of the State of Kansas. Additional information regarding the Issuer is contained in APPENDIX A to this Preliminary Official Statement.

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

Definitions

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

Continuing Disclosure

The Securities and Exchange Council (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. The Issuer is relying on a provision of the Rule that exempts issues of less than \$1,000,000 aggregate principal amount from the requirements of the Rule and therefore has **not** covenanted to provide continuous secondary market disclosure. However, the Issuer intends to supply its most recent financial statements to the Underwriter and any Note owner upon written request and reimbursement to the Issuer of the costs of the photocopying and mailing. For a discussion of the impact of the absence of continuous disclosure on the secondary market for the Notes, see the section captioned "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

Additional Information

Additional information regarding the Issuer or the Notes may be obtained from the City's Municipal Advisor, Ranson Financial Group LLC, 200 W. Douglas, Suite 600, Wichita, Kansas 67202, by phone (316) 264-3400, Attention: Beth Warren, or e-mail (ewarren@ransonfinancial.com).

THE NOTES

Authority for the Notes

The Notes are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123), and K.S.A. 12-1736 *et seq.*, all as amended and supplemented (collectively, the "Act"), and a resolution adopted by the governing body of the Issuer on December 16, 2021 (the "Note Resolution") for the purpose of paying the cost of certain public building improvements (the "Improvements").

* Subject to change.

Security for the Notes

The Notes shall be general obligations of the Issuer payable as to both principal and interest from the proceeds of the Issuer's general obligation bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

Description of the Notes

The Notes shall consist of fully registered book-entry-only Notes in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Note Registrar shall determine. All of the Notes shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturity, subject to redemption and payment prior to their Stated Maturity, and shall bear interest at the rates per annum set forth on the cover page of this Preliminary Official Statement. The Notes shall bear interest (computed on the basis of twelve 30 day months) from the later of the Dated Date or the most recent Interest Payment Date to the Stated Maturity or prior redemption in the manner hereinafter set forth.

Designation of Paying Agent and Note Registrar

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

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

Method and Place of Payment of the Notes

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

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

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

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

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Notes: Securities Depository

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

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

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

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

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

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

Registration, Transfer and Exchange of Notes

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

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

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

Mutilated, Lost, Stolen or Destroyed Notes

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

Nonpresentation of Notes

If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Note Resolution or on, or with respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note becomes due at Maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Note, and such Note shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Redemption Provisions

Optional Redemption. At the option of the Issuer, the Notes may be called for redemption and payment prior to their Stated Maturity on February 15, 2023, and thereafter as a whole or in part at any time (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

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

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

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

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

For so long as the Securities Depository is effecting book-entry transfers of the Notes, the Note Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Note (having been mailed notice from the Note Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Note so affected, shall not affect the validity of the redemption of such Note.

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

THE DEPOSITORY TRUST COMPANY

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

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

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

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

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

RISK FACTORS AND INVESTMENT CONSIDERATIONS

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

Legal Matters

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

Limitations on Remedies Available to Owners of Notes

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

Debt Service Source

The Notes are general obligations of the Issuer payable as to both principal and interest, if necessary, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation. See "APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections."

Taxation of Interest on the Notes

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

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

Premium on Notes

[The initial offering price of the Notes that are subject to optional redemption are in excess of the respective principal amounts thereof.] Any person who purchases a Note in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Notes are subject to redemption at par under the various circumstances described under "THE NOTES - Redemption of Notes."

No Additional Interest or Mandatory Redemption upon Event of Taxability

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

Kansas Public Employees Retirement System

As described in “**APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans**,” the Issuer participates in the Kansas Public Employees Retirement System (“KPERs”), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERs administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Public Employees Retirement System – Local Group (the “Plan”). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability (“UAAL”). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERs’ Valuation Report, the Local Group had an UAAL of approximately \$1.419 billion in calendar year 2020.

Suitability of Investment

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

Secondary Market

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

Cybersecurity Risks

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

Natural Disasters or Terrorist Attacks

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

Global Health Emergency

On March 11, 2020, the World Health Organization proclaimed the Coronavirus and the disease caused by it (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The Governor of the State has issued various Executive Orders in response to the COVID-19 pandemic, including Executive Orders temporarily preventing foreclosures and evictions, deferring certain tax deadlines and payments, instituting a temporary State-wide stay-at-home (expired as of May 2020), and instituting a mask mandate which granted each county the right to opt out of such order. Under recently enacted legislation, the State’s Legislative Coordinating Council may override certain of the State executive orders related to the COVID-19 pandemic, and parties aggrieved by any county executive orders are given enhanced rights to challenge such orders.

The COVID-19 pandemic could result in increased costs to the Issuer and/or negative impacts on the collection of property taxes (a primary source of revenue for the Issuer, including for repayment of the Notes) within the Issuer due to increased payment delinquencies or disruption of the collection or distribution of property taxes. All such factors could have a material adverse effect on the Issuer’s operations and financial condition. As of the date hereof, the Issuer has not experienced material adverse changes relative to its adopted budget with regard to expenditures or receipt of revenues. To date, the Issuer has received approximately \$150,167.41 of funds through the Coronavirus Aid, Relief, and Economic Security Act, and has been allocated approximately \$299,446.32 of funds through the American Rescue Plan Act of 2021, of which 50% has been received and the balance is expected to be received in 2022.

State and local governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax collections that are essential to repayment of the Notes, may deviate from historical or anticipated levels.

The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The Issuer is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the Issuer.

THE IMPROVEMENTS

Proceeds of the Notes will be applied to: 1) refund on January 6, 2022, the Issuer’s General Obligation Temporary Notes, Series 2020-1, dated February 19, 2020, in the outstanding amount of \$712,000 (the “Refunded Notes”), which were originally issued to temporarily finance, among other projects, certain public building improvements described below (the “Improvements”); and 2) to pay costs of issuance associated with the issuance of the Notes.

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Estimated Construction Cost</u>
Public building improvements – Grocery Store	1359	12-1736 <i>et seq.</i>	\$697,730

SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds available for the Improvements, including the proceeds from the sale of the Notes, exclusive of accrued interest.

Sources of Funds	
Principal Amount of the Notes	\$740,000.00*
Total Sources of Funds	
Uses of Funds	
Deposit to Redemption Fund	\$
Costs of Issuance	
Underwriter’s Discount	_____
Total Uses of Funds	\$

* Subject to change

RATINGS

The Issuer has **not** applied for a rating on the Notes herein offered for sale.

ABSENCE OF LITIGATION

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

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

LEGAL MATTERS

Approval of Notes

All matters incident to the authorization and issuance of the Notes are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the matters appearing in the sections of this Preliminary Official Statement captioned “THE NOTES,” “LEGAL MATTERS,” “TAX MATTERS” and “*APPENDIX C – SUMMARY OF FINANCING DOCUMENTS.*” Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Notes. Certain legal matters have been passed on for the Issuer by Paul Kritz, Esq., Coffeyville, Kansas.

TAX MATTERS

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

Opinion of Bond Counsel

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

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

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

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

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

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

Other Tax Consequences

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

[Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Note over its stated redemption price at maturity. The issue price of a Note is generally the first price at which a substantial amount of the Notes of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Note

using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Note and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Note prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.]

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

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

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

FINANCIAL ADVISOR

Ranson Financial Group, LLC, Wichita, Kansas, has acted as Financial Advisor to the Issuer in connection with the sale of the Notes. The Financial Advisor is a "municipal advisor" as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has assisted the Issuer in the preparation of this Preliminary Official Statement and in other matters relating to the issuance of the Notes. The fees of the Financial Advisor are contingent upon the issuance of the Notes.

UNDERWRITING

The Notes have been sold at public sale by the Issuer to [_____] (the "Underwriter") on the basis of lowest net interest cost. [] bids were received by the Issuer. The Underwriter has agreed, subject to certain conditions, to purchase the Notes at a price equal to the principal amount of the Notes, [, plus a premium of \$_____][, less an underwriting discount of \$_____].

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

AUTHORIZATION OF PRELIMINARY OFFICIAL STATEMENT

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

CITY OF CANEY, KANSAS

By: _____
Thomas Burk, Mayor

By: _____
Debbie Morrison, City Clerk

APPENDIX A

INFORMATION CONCERNING THE ISSUER

GENERAL

Size and Location

The City of Caney, Kansas (the "City") is located in north central Montgomery County (the "County"), approximately 115 miles southeast of Wichita and one mile north of the Kansas-Oklahoma border. The Issuer encompasses approximately 1.35 square miles and has a current estimated population of 1,788 persons.

Government and Organization of the City

The City is a municipal corporation and a city of the second class. The City has a Mayor/Council form of government. The City Council conducts all legislative functions for the City and establishes general policies which are executed by its staff, which serves at its pleasure.

The principal officials and officers of the City are as follows:

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Thomas C. Burk Jr.	01/2022
Councilmember	Ralph Anthony	01/2023
Councilmember:	Kenneth Butts	01/2022
Councilmember	Marianne Carey-Ranes	01/2023
Councilmember	Shirley Davis	01/2023
Councilmember	Dan Johnston	01/2022
Councilmember	Lori Patterson	01/2022
Councilmember	Keith Rogers	01/2022
Councilmember	Vacant	N/A
City Manager	Fred Gress	N/A
City Clerk	Debbie Morrison	N/A
City Attorney	Paul Kritz, Esq.	N/A
City Treasurer	Sara Shively	01/2022

Management Personnel

The City Manager is appointed by the Council and is charged with the efficient and effective administration of the City.

Public Safety

The City provides police service with six full-time police officer(s) and two part-time police officer(s). Fire protection for the City and surrounding area is provided by the City through a volunteer fire department consisting of 21 firefighters. Emergency medical services for the City and surrounding area is provided by the City consisting of four full-time and three part-time employees.

Municipal Services and Other Utilities

The City owns and operates its own water, sewer, and solid waste utility system for residents of the City. Electric service is provided by Evergy Energy. Natural gas service is provided by Atmos Energy. Telephone service is provided by Kan-Okla Networks. Other various service providers provide telephone and internet services.

Transportation Facilities

The City is served by U.S./Kansas Highways 166 and 75. The SK & O railroad runs south-north through the City. The nearest commercial air service is available at Dwight D. Eisenhower Airport in Wichita, KS, 115 miles northwest of the City. The nearest Amtrak station is located in Bartlesville, Oklahoma, 19 miles south of the City.

Educational Institutions and Facilities

The City is served by the Unified School District No. 436 (Caney Valley) which operates one elementary school, one high school and one charter school. The current estimated enrollment is 739.

Independence Community College and Coffeyville Community College are both located less than 20 miles from the City within the county. These Institutions provide two-year curriculums, vocational and technical courses of study. The following universities or colleges offering bachelor's or advanced degrees are also located in the region:

<u>Name</u>	<u>Location</u>	<u>Estimated Distance from City (in Miles)</u>	<u>Estimated Enrollment (FTE)</u>
Coffeyville Community College	Coffeyville, KS	18	1,045
Independence Community College	Independence, KS	20	526
Rogers State University	Claremore, OK	51	3,482
University of Tulsa	Tulsa, OK	60	3,702
Northeastern Oklahoma A&M College	Miami, OK	60	2,075
Cowley County Community College	Arkansas City, KS	62	3,173

Medical and Health Facilities

The City is served by Ascension Medical Group-St. John which is located within the City. The facility provides care for short-term, long-term illness, and services to help promote better family health. In addition, the Coffeyville Regional Medical Center which is located 18 miles east of the City in Coffeyville, Kansas, and Ascension St. John Jane Phillips Hospital which is located 20 miles south of the City in Bartlesville, Oklahoma, provide emergency medical services along with a plethora of other services available to the City's residents.

Recreational, Cultural and Religious Facilities

Various recreational facilities are available for the City's residents including public parks, swimming pool, and a public library. There is also a lake, gun club, golf club and a zoological park located within or around the City.

The City has eleven churches that serve the community.

FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

The City follows a statutory basis of accounting which is designed to show compliance with cash basis and budget laws of Kansas. The City has received a GAAP Waiver from the State of Kansas. More complete information regarding the City's accounting is contained in the Notes to the Financial Statements attached hereto as **APPENDIX B**.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the City prior to August 25 of each year (or September 20 if the City must conduct a public hearing to levy taxes in excess of its revenue neutral rate described below). Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

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

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must first publish notice of a public hearing and notify the county clerk of the taxing subdivision's intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement, (5) the appraised value and assessed value of the taxpayer's property, (6) estimates of the tax for the current tax year on the taxpayer's property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by a majority vote of its governing body, and the amount of tax to be levied must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over collected based on the amount of the levy that was in excess of the revenue neutral rate.

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Jarred, Gilmore, & Phillips, PA, Chanute Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ended December 31, 2020 is attached hereto as **APPENDIX B**.

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

Property Valuations

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

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

public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

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

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

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

Assessed Valuation

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

<u>Levy Year</u>	<u>Budget Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicle Valuation</u>	<u>Total Valuation</u>
2021	2022	\$7,123,172 ⁽¹⁾	\$ 963,575 ⁽¹⁾	\$547,973 ⁽¹⁾	\$1,383,515 ⁽³⁾	\$10,018,235
2021	2022	7,123,172 ⁽²⁾	957,991 ⁽²⁾	544,663 ⁽²⁾	1,383,515 ⁽³⁾	10,009,341
2020	2021	7,558,242	1,011,474	654,544	1,383,515	10,605,944
2019	2020	7,371,484	997,825	637,860	1,346,164	10,353,333
2018	2019	9,170,432	1,015,414	612,451	1,317,770	12,116,067
2017	2018	9,116,234	1,057,222	574,461	1,399,169	12,147,086

Source: County Clerk

⁽¹⁾ Final valuation figures as of November 1, 2021, used for budgeting purposes.

⁽²⁾ Preliminary valuation figures as of July 15, 2021, used for budgeting purposes.

⁽³⁾ Motor vehicle valuation for 2021 is not yet available. Motor vehicle valuation for 2020 was used for estimation purposes.

Property Tax Levies and Collections

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

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

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

Tax Rates. The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser.

The following table shows the City's mill levies by fund (per \$1000 of assessed valuation) for each of the years indicated and the current year:

<u>Levy Year</u>	<u>Budget Year</u>	<u>General</u>	<u>Employee Benefits</u>	<u>Other</u>	<u>Total Levy</u>
2021	2022	29.398	19.967	9.928	59.293
2020	2021	34.016	13.738	12.145	59.899
2019	2020	35.194	14.198	12.859	62.251
2018	2019	29.356	11.843	10.726	51.925
2017	2018	29.529	11.889	10.772	52.190

Source: County Clerk

Aggregate Tax Levies. The aggregate tax levies (per \$1000 assessed valuation) of the City and overlapping jurisdictions for the years indicated are included in the following table:

<u>Levy Year</u>	<u>Budget Year</u>	<u>City</u>	<u>County</u>	<u>USD No. 436⁽¹⁾</u>	<u>State</u>	<u>Comm. College</u>	<u>Extension District</u>	<u>Total</u>
2021	2022	59.293	52.117	56.545	1.500	43.603	1.389	214.447
2020	2021	59.899	52.089	56.712	1.500	42.835	1.321	214.356
2019	2020	62.251	51.566	55.741	1.500	41.882	1.383	214.323
2018	2019	51.925	51.363	55.903	1.500	41.064	1.353	203.108
2017	2018	52.190	49.049	51.079	1.500	40.024	1.329	195.171

⁽¹⁾ Includes mill levy for recreation commission.

Source: County Clerk

Tax Collection Record. The following table sets forth tax collection information (not including special assessments) for the City for the years indicated:

<u>Levy Year</u>	<u>Budget Year</u>	<u>Total Taxes Levied</u>	<u>Current Tax Collections</u>	<u>Percentage Collected</u>
2021	2022	\$513,009	In Process	N/A
2020	2021	547,926	\$515,417	94.07%
2019	2020	558,218	511,619	91.65%
2018	2019	556,947	527,368	94.69%
2017	2018	556,515	535,519	96.23%

Source: County Clerk & Treasurer

Major Taxpayers. The following table sets forth the ten largest taxpayers in the City based on total assessed valuation and total taxes levied in the most recent tax collection period (2021/22):

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
1. Individual	\$1,353,025	\$290,152
2. Evergy Kansas South Inc.	280,321	60,114
3. Atmos Energy Corp.	230,781	49,490
4. Community National Bank	104,723	22,457
5. Stalwart Enterprises LLC	103,789	22,211
6. Individual Trust	80,940	17,357
7. City of Caney	72,954	15,644
8. Engineered Systems	57,413	12,312
9. Individual (2)	54,389	11,645
10. Individual Trust (2)	51,001	10,937

Source: County Clerk

Pension and Employee Retirement Plans

The Issuer participates in the Kansas Public Employees Retirement System (“KPERS”) established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERS is governed by a board of trustees consisting of nine members, each of whom serve four-year terms. The board of trustees appoints an executive director to serve as the managing officer of KPERS and manage a staff to carry out daily operations of the system.

As of December 31, 2020, KPERS serves approximately 326,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

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

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

- (a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.
- (b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

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

In 2021, the Legislature authorized the issuance of revenue bonds to provide net proceeds of up to \$500 million (the “Revenue Bonds”) the proceeds of which must be applied to the unfunded actuarial pension liability as directed by KPERS. The Revenue Bonds in the principal amount of \$504,535,000 were issued August 26, 2021. The repayment of the Revenue Bonds shall be subject to legislative annual appropriation, shall not be an obligation of the KPERS system, and the full faith and credit or taxing power of the State shall not be pledged to the repayment of the Revenue Bonds. Due to the authorization of the Revenue Bonds, the Legislature changed the State/School employer contribution rate from 14.09% to 13.33% for fiscal year 2022 and from 13.86% to 13.11% for fiscal year 2023.

The Issuer’s contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The City’s contribution is 8.90% of gross compensation for calendar year 2022. In addition, the Issuer contributes 1% of the employee’s gross salary for Death and Disability Insurance for covered employees; provided that starting July 1, 2021, there will be a moratorium on the Death and Disability Insurance rate, and the Issuer will contribute 0% of the employee’s gross salary for Death and Disability Insurance for covered employees after such date.

According to the Valuation Report as of December 31, 2020 (the “2020 Valuation Report”) the KPERS Local Group, of which the City is a member, carried an unfunded accrued actuarial liability (“UAAL”) of approximately \$1.419 billion at the end of 2020. The amount of the UAAL in 2020 changed from the previous year’s amount due to the factors discussed in the 2020 Valuation Report; such report also includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group. A copy of the 2020 Valuation Report is available on the KPERS website at kpers.org/about/reports.html. The City has no means to independently verify any of the information set forth on the KPERS website or in the 2020 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2020 Valuation Report sets the employer contribution rate for the period beginning January 1, 2023, for the KPERS Local Group, and KPERS’ actuaries identified that an employer contribution rate of 8.43% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial period set forth in the 2020 Valuation Report. The statutory contribution rate of employers currently equals the 2020 Valuation Report’s actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

The Issuer has not implemented GASB 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB 27, because the Issuer’s financial statements are prepared on a regulatory basis of accounting which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. KPERS, however, has implemented GASB 67 – Financial Reporting for Pension Plans – An Amendment of GASB Statement 25, and is required annually to provide its participants the proportional share of the net pension liability of KPERS allocated to each participant as of the end of the prior fiscal year. The KPERS’ Schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer (the “GASB 68 Report”) provides the net pension liability allocated to each KPERS participant, including the Issuer. The GASB 68 Report is available on the KPERS website at kpers.org/about/reports.html. Because the Issuer has not implemented GASB 68, the net pension liability calculated by KPERS for the Issuer is not reflected as a liability on the Issuer’s financial statements. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. It is important to note that under existing State law, the Issuer has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

Employee Relations

The City has 19 full-time and 30 part-time employees. Employee Relations are characterized as good.

Risk Management

The City is insured against the risks arising from general liability by Employers Mutual Casualty Company and employee medical coverage by Blue Cross Blue Shield.

DEBT STRUCTURE

Debt Summary

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

Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations ⁽¹⁾	\$10,009,341
Legal limitation of Bonded Debt ⁽²⁾	\$3,002,802
Outstanding general obligation debt anticipated as of January 6, 2022 ⁽³⁾	\$7,088,793
Exempt Debt	\$5,992,411
Net Debt against Statutory Debt limit capacity	\$1,096,382
Additional debt capacity	\$1,906,420
Direct debt per capita (1,788)	\$3,965
Overlapping Indebtedness	\$549,369
Direct and overlapping debt.....	\$7,638,162
Direct and overlapping debt per capita	\$4,272
Direct debt as a percentage of Equalized Assessed Valuation.....	70.82%
Direct and overlapping debt as a percentage of Equalized Assessed Valuation	76.31%
Statutory direct debt as a percentage of Equalized Assessed Valuation.....	10.95%

⁽¹⁾ The preliminary assessed value of all tangible taxable property within the City. Also includes the taxable value of motor vehicles within the City. Motor vehicle valuation for 2021 is not yet available. Motor vehicle value for 2020 was used for estimation purposes. See K.S.A. 10-301 *et seq.*

⁽²⁾ See K.S.A. 10-301 *et seq.*

⁽³⁾ Includes this issue and subject to change.

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of January 6, 2022, and the percent attributable (on the basis of assessed valuation not including motor vehicle valuation) to the City:

Taxing Jurisdiction	2021 Assessed Valuation	Outstanding General Obligation Indebtedness⁽¹⁾	Percent Applicable to The City	Amount Applicable to The City
Montgomery County	\$324,474,183	\$ 0	2.66%	\$ 0
U.S.D. No. 436	55,325,639	3,520,000	15.61%	549,369
TOTAL				549,369

⁽¹⁾ Revenue bonds and capital leases are not considered a general obligation indebtedness under Kansas law and are not included in the total stated herein for underlying indebtedness.

Source: County Clerk

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The following table sets forth as of the issue date of the Notes all of the outstanding obligations of the City:

GENERAL OBLIGATION BONDS (As of January 6, 2022)

Description of Indebtedness	Series	Maturity Date	Original Amount	Amount Outstanding	Amount Exempt From Debt Limit	% Exempt from Debt Limit
General Obligation Bonds	2020-A	06/24/2060	\$540,000	\$ 529,780	\$529,780	100.00%
General Obligation Bonds	2020-B	06/24/2060	2,741,000	2,689,128	2,689,128	100.00%
General Obligation Bonds	2020-C	06/24/2060	693,000	679,885	679,885	100.00%
General Obligation Refunding and Improvement Bonds	2020-D	12/01/2040	2,710,000	2,450,000	1,353,618	55.25%
TOTAL				\$6,348,793	\$5,252,411	

TEMPORARY NOTES (As of January 6, 2022)

Description of Indebtedness	Series	Maturity Date	Original Amount	Amount Outstanding	Amount Included in Debt Limitation
General Obligation Temporary Notes ⁽¹⁾	2020-1	03/01/2022	\$1,252,000	\$ 0	\$0
General Obligation Temporary Notes ⁽²⁾	2022-1	02/15/2024	740,000	740,000	0
TOTAL				\$740,000	\$0

⁽¹⁾ Issue being redeemed by the Notes.

⁽²⁾ This Issue and subject to change.

CERTIFICATES OF PARTICIPATION

As of January 6, 2022, the City had no certificates of participation outstanding.

REVENUE BONDS OUTSTANDING

As of January 6, 2022, the City had no revenue bonds outstanding.

**CAPITAL LEASE OBLIGATIONS
(As of January 6, 2022)**

<u>Description</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
City Maintenance Equipment	2016	03/01/2023	\$ 85,900	\$ 16,178
Sewer Maintenance Truck	2017	09/01/2024	40,000	15,238
Copiers	2019	06/12/2024	8,930	4,783
Ambulance	2020	08/01/2025	176,546	<u>113,836</u>
TOTAL				\$150,035

LOAN OBLIGATIONS

As of January 6, 2022, the City had no loans outstanding.

PUBLIC BUILDING COMMISSION REVENUE BONDS OUTSTANDING

As of January 6, 2022, the City had no public building commission revenue bonds outstanding.

Debt Payment Record

The City has never been delinquent in any payments of its debt agreements.

Future Indebtedness

The City from time to time will lease small equipment and such leases may or may not have a purchase option in accordance with the terms of said lease. Periodically, the City reviews all its outstanding debt obligations for refunding opportunities and will complete issues as needed when sufficient savings can be achieved. Other than the projects detailed above, the City does not have plans to issue any additional debt at this time.

ECONOMIC INFORMATION CONCERNING THE CITY

Population Trends

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

<u>Year</u>	<u>County Population</u>	<u>City Population</u>
2020	31,486	1,788
2019	31,829	1,968
2018	32,120	1,991
2017	32,556	2,026
2016	32,746	2,042

Source: Kansas Statistical Abstract

Labor Force

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

MONTGOMERY COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2020	14,852	13,774	1,078	7.3%
2019	14,801	14,196	605	4.1%
2018	14,834	14,194	640	4.3%
2017	14,987	14,203	784	5.2%
2016	15,884	14,866	1,018	6.4%

STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2020	1,497,013	1,409,003	88,010	5.9%
2019	1,486,620	1,439,563	47,057	3.2%
2018	1,482,220	1,432,387	49,833	3.4%
2017	1,478,783	1,425,216	53,567	3.6%
2016	1,484,001	1,422,122	61,879	4.2%

Currently, the Kansas Department of Labor estimates an unemployment rate of 4.0% for the County and 3.3% for the State of Kansas for the month of October 2021.

Source: Kansas Statistical Abstract (2016 – 2020 data); Kansas Department of Labor (October 2021 estimate)

Retail Sales and Use Tax Collections

The following table lists the County's state sales and use tax collections for the years indicated:

<u>Year</u>	<u>Sales and Use Tax Collections</u>	<u>Per Capita Sales and Use Tax</u>
2020	\$32,637,872	\$1,018.64
2019	30,339,363	914.85
2018	28,756,698	734.32 ⁽¹⁾
2017	23,599,676 ⁽¹⁾	712.35 ⁽¹⁾
2016	23,833,003 ⁽¹⁾	772.20 ⁽¹⁾

⁽¹⁾ Use tax collections not included.

Source: Kansas Statistical Abstract

Effective July 1, 2015, the statewide sales and use tax was increased to 6.50%.

Local Option Sales Tax

The City has imposed the following citywide retailers' sales taxes: (1) 1% general purpose sales tax; (2) 0.75% special purpose sales tax to pay the costs of curb, gutter and street improvement projects in the City, commencing on January 1, 2018, and which expired on July 1, 2019, upon the commencement of the sales tax described in (4) below; (3) 1% general purpose sales tax to pay the costs of improvements and repairs to the water distribution system, improvements and repairs to the water treatment plant and other related improvement projects in the City, commencing on April 1, 2018, and expiring on March 31, 2028; and (4) 1% City-wide retailers' sales tax to pay the costs of improvements to the City's swimming pool, curbs, gutters and streets, including the payment of financing costs related thereto; commencing on July 1, 2019, or as soon thereafter as permitted by law, and expiring 10 years after its commencement. The following table provides the amount of local sales tax collected and received by the City during the years indicated.

<u>Year</u>	<u>Receipts</u>
2020	\$450,505
2019	413,429
2018	401,377
2017	389,822
2016	389,918

Local sales tax collections for January 2021 through July are \$235,932, which was a decrease of 7.42% from the same period in 2020.

Source: Kansas Department of Revenue

Financial and Banking Institutions

There are currently seven banks, with 17 different branch locations, located in the County. During a five-year period, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2020	\$666,000
2019	604,000
2018	580,000
2017	579,000
2016	589,000

Source: Kansas Statistical Abstract

Personal Income Trends

The following table lists the County personal and per capita income and State of Kansas per capita income for the years indicated:

<u>Year</u>	<u>Montgomery County</u> <u>Personal Income (\$000)</u>	<u>Montgomery County</u> <u>Per Capita Income</u>	<u>State Per</u> <u>Capita Income</u>
2019	\$1,242,628	\$39,041	\$53,426
2018	1,206,947	37,576	51,471
2017	1,145,066	35,172	48,559
2016	1,204,085	33,958	47,603
2015	1,257,650	35,012	47,161

Source: Kansas Statistical Abstract

APPENDIX B

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

CITY OF CANEY, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2020

CITY OF CANEY, KANSAS
For the Year Ended December 31, 2020

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CITY OF CANEY, KANSAS
For the Year Ended December 31, 2020

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Caney, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Caney, Kansas, as of and for the year ended December 31, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Kansas Municipal Audit and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Caney, Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Caney, Kansas as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Caney, Kansas as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget and schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Caney, Kansas as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated August 10, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/oar/municipal-services>. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2020 (Schedule 1 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 basic financial statement or to the 2019 basic financial statement itself, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the 2019 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2019, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2021, on our consideration of the City of Caney, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Caney, Kansas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Caney, Kansas' internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

September 7, 2021
Chanute, Kansas

CITY OF CANEY, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2020
General Fund	\$ 100,742.86	\$ 1,319,497.93	\$ 1,195,942.33	\$ 224,298.46	\$ 60,665.39	\$ 284,963.85
Special Purpose Funds:						
Industrial	2,999.35	12,338.06	5,350.00	9,987.41	-	9,987.41
Library	0.03	65,714.03	65,714.03	0.03	-	0.03
Special Parks	6,327.89	1,667.68	-	7,995.57	-	7,995.57
Employee Benefits	282,527.91	136,885.60	6,310.66	413,102.85	203.07	413,305.92
Vehicle Identification	15,278.93	4,180.00	16,285.26	3,173.67	725.35	3,899.02
Special Highway	77,387.91	60,873.92	66,956.93	71,304.90	816.28	72,121.18
Police, Fire, and Ambulance Equipment	89,744.01	213,365.05	270,571.50	32,537.56	-	32,537.56
Street Sales Tax	62,431.31	63,070.70	29,810.67	95,691.34	29,810.67	125,502.01
Capital Project Funds:						
Wastewater Improvement Project	161,126.29	4,697,668.83	3,044,916.58	1,813,878.54	487,058.47	2,300,937.01
Capital Project	(105,091.76)	2,971,799.24	2,152,985.54	713,721.94	195,168.52	908,890.46
Bond and Interest Funds:						
General Obligation Bond and Interest	70,243.85	162,181.76	145,000.00	87,425.61	-	87,425.61
Business Funds:						
Water Utility	270,077.33	643,181.48	582,215.54	331,043.27	28,696.54	359,739.81
Water Plant Improvement	57,146.15	713,802.84	718,157.70	52,791.29	-	52,791.29
Water Principal and Interest	22,149.38	341,685.00	338,855.25	24,979.13	-	24,979.13
Sewer Utility	156,568.42	495,154.72	415,035.44	236,687.70	7,934.62	244,622.32
Sewer Treatment Replacement	9,096.55	7,671.90	-	16,768.45	-	16,768.45
Sewer Principal and Interest	82,024.63	785,770.59	802,872.00	64,923.22	-	64,923.22
Solid Waste Utility	59,786.52	236,369.37	217,317.53	78,838.36	16,530.71	95,369.07
Grocery Store Utility	-	500.00	413.21	86.79	4.04	90.83
Total Primary Government (Excluding Agency Funds)	<u>\$ 1,420,567.56</u>	<u>\$ 12,933,378.70</u>	<u>\$ 10,074,710.17</u>	<u>\$ 4,279,236.09</u>	<u>\$ 827,613.66</u>	<u>\$ 5,106,849.75</u>

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

CITY OF CANEY, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2020

	2020
Total Cash to be accounted for:	\$ 5,106,849.75
Composition of Cash:	
Utility Cash on Hand.....	\$ 250.00
General Petty Cash on Hand.....	200.00
Police Petty Cash on Hand.....	201.00
Checking Accounts:	
General Account	114,331.53
Grant Checking Account.....	5.00
Money Market Account	4,994,000.46
Total Cash	5,108,987.99
Agency Funds per Schedule 3	(2,138.24)
Total Reporting Entity (Excluding Agency Funds)	\$ 5,106,849.75

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

CITY OF CANEY, KANSAS

Notes to the Financial Statement
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Caney, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City of Caney, Kansas (the City) is a municipal corporation governed by a Mayor and elected eight member council. This financial statement presents the City of Caney, Kansas.

Related Municipal Entity. A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Caney City Library - The Caney City Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate financial information can be obtained from the Library.

Caney Recreation Commission - The Caney Recreation Commission oversees the City's recreation activities. The Caney Recreation Commission operates as a separate governing body but the City may appoint board members to the Recreation Commission. Separate financial information can be obtained from the Recreation Commission.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Caney, Kansas, for the year of 2020:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Bond and Interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

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

Basis of Presentation – Regulatory Basis of Accounting

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

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

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City’s policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as cash receipts. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest, and business funds. Although directory rather than mandatory, the statutes provide for the following timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2020 the City amended the General Fund, Industrial Fund, Vehicle Identification Fund, Special Highway Fund, and Police, Fire and Ambulance Equipment Fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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

A legal operating budget is not required for capital projects funds, trust funds, permanent funds.

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1, the City was in apparent compliance with Kansas cash basis laws. As shown in Schedule 1, the City has obligated expenditures in excess of budgetary limits in the General Obligation Bond and Interest Fund in apparent violation of KSA 79-2934.

Management is not aware of any other material statutory violations.

3. DEPOSITS AND INVESTMENTS

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

K.S.A 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

3. **DEPOSITS AND INVESTMENTS** (Continued)

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2020.

Deposits: At year-end, the City's carrying amount of deposits was \$5,108,336.99 and the bank balance was \$5,143,068.56. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$249,110.45 was covered by FDIC insurance and \$4,893,958.11 was collateralized with a repurchase agreement.

4. **OPERATING LEASES**

As of December 31, 2020 the City has entered into an operating lease for office equipment. Rent expense for the year ended December 31, 2020, was \$1,661.04. Under the current lease agreements, the future minimum rental payments are as follows:

2021	\$	1,245.78
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5. **CAPITAL LEASE OBLIGATIONS**

The City has entered into a capital lease agreement in order finance the purchase of various pieces of maintenance equipment. Payments are made quarterly including interest at 1.95%. Final maturity of the lease is March 1, 2023. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ 13,162.12
2022	13,162.12
2023	<u>3,290.53</u>
	29,614.77
Less imputed interest	<u>(745.92)</u>
Net Present Value of Minimum Lease Payments	28,868.85
Less: Current Maturities	<u>(12,691.14)</u>
Long-Term Capital Lease Obligations	<u>\$ 16,177.71</u>

The City has entered into a capital lease agreement in order finance the purchase of a 1993 Freightliner Fire Truck. Payments are made quarterly including interest at 2.25%. Final maturity of the lease is June 8, 2021. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ <u>3,689.64</u>
	3,689.64
Less imputed interest	<u>(30.91)</u>
Net Present Value of Minimum Lease Payments	3,658.73
Less: Current Maturities	<u>(3,658.73)</u>
Long-Term Capital Lease Obligations	<u>\$ 0.00</u>

5. CAPITAL LEASE OBLIGATIONS (Continued)

The City has entered into a capital lease agreement in order finance the purchase of a 2004 Sewer Pumper Truck. Payments are made annually including interest at 3.50%. Final maturity of the lease is September 15, 2024. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2021	\$ 5,819.07
2022	5,819.07
2023	5,819.07
2024	4,754.08
	22,211.29
Less imputed interest	(1,902.41)
Net Present Value of Minimum	
Lease Payments	20,308.88
Less: Current Maturities	(5,070.98)
Long-Term Capital Lease Obligations	\$ 15,237.90

The City has entered into a capital lease agreement in order finance the purchase of Canon Copier Machines. Payments are made monthly including interest at 5.717%. Final maturity of the lease is June 12, 2024. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2021	\$ 2,057.52
2022	2,057.52
2023	2,057.52
2024	1,029.76
	7,202.32
Less imputed interest	(688.93)
Net Present Value of Minimum	
Lease Payments	6,513.39
Less: Current Maturities	(1,730.00)
Long-Term Capital Lease Obligations	\$ 4,783.39

The City has entered into a capital lease agreement in order finance the purchase of 2021 Ford E450 Ambulance. Payments are made monthly including interest at 3.25%. Final maturity of the lease is August 1, 2025. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2021	\$ 30,227.01
2022	32,974.92
2023	32,974.92
2024	32,974.92
2025	21,983.28
	151,135.05
Less imputed interest	(10,893.88)
Net Present Value of Minimum	
Lease Payments	140,241.17
Less: Current Maturities	(26,404.58)
Long-Term Capital Lease Obligations	\$ 113,836.59

6. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2020, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid by Utility Receipts:									
Series 2011 A	.75-3.60%	December 20, 2011	\$ 745,000.00	December 1, 2024	\$ 315,000.00	\$ -	\$ (315,000.00)	\$ -	\$ 8,055.00
Series 2020-A	1.375%	June 24, 2020	540,000.00	June 24, 2060	-	540,000.00	-	540,000.00	-
Series 2020-B	1.375%	June 24, 2020	2,741,000.00	June 24, 2060	-	2,741,000.00	-	2,741,000.00	-
Series 2020-C	1.375%	June 24, 2020	693,000.00	June 24, 2060	-	693,000.00	-	693,000.00	-
Series 2020-D	1.1-2%	September 1, 2020	2,710,000.00	December 1, 2040	-	2,710,000.00	-	2,710,000.00	-
Temporary Notes									
Paid by Utility Receipts:									
Series 2018	4.00%	March 8, 2018	540,000.00	March 1, 2020	540,000.00	-	(540,000.00)	-	5,400.00
Series 2020-1	4.00%	February 19, 2020	1,252,000.00	March 1, 2022	-	1,252,000.00	(540,000.00)	712,000.00	45,348.08
Revolving Loans									
Paid by Utility Receipts:									
KWPCRL C20-1499-01	3.07%	July 7, 1999	600,000.00	March 1, 2021	58,620.51	-	(38,781.97)	19,838.54	1,504.27
KWPCRL C20-1709-01	2.58%	July 6, 2007	1,155,596.00	September 1, 2027	730,186.68	-	(730,186.68)	-	19,185.83
KPWSLF - No. 2491	3.36%	April 20, 2007	1,344,166.58	February 1, 2028	692,642.15	-	(692,642.15)	-	25,515.55
Capital Leases									
Fire Bunker Gear	2.34%	August 8, 2015	50,080.00	May 8, 2020	2,634.55	-	(2,634.55)	-	16.14
Maintenance Equipment	1.95%	March 16, 2016	85,990.32	March 1, 2023	41,313.30	-	(12,444.45)	28,868.85	717.67
Fire Truck	2.25%	September 8, 2016	35,000.00	June 8, 2021	10,846.58	-	(7,187.85)	3,658.73	191.43
Sewage Pumper Truck	3.50%	May 25, 2017	40,000.00	September 15, 2024	25,244.40	-	(4,935.52)	20,308.88	883.55
Canon Copiers	5.72%	June 12, 2019	8,930.21	June 12, 2024	8,147.47	-	(1,634.08)	6,513.39	423.44
Ambulance	3.25%	August 4, 2020	176,546.00	August 1, 2025	-	176,546.00	(36,304.83)	140,241.17	1,994.72
Total Contractual Indebtedness					\$ 2,424,635.64	\$ 8,112,546.00	\$ (2,921,752.08)	\$ 7,615,429.56	\$ 109,235.68

6. LONG-TERM DEBT

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Issue	2021	2022	2023	2024	2025	2026-2030	2031-2035
Principal							
General Obligation Bonds							
Series 2020-A	\$ 10,220.00	\$ 10,360.52	\$ 10,502.98	\$ 10,628.23	\$ 10,793.54	\$ 56,217.08	\$ 60,191.30
Series 2020-B	51,872.25	52,585.49	53,308.54	53,944.22	54,783.27	285,333.23	305,504.70
Series 2020-C	13,115.25	13,295.58	13,478.40	13,639.12	13,851.26	72,142.94	77,243.04
Series 2020-D	260,000.00	280,000.00	290,000.00	290,000.00	225,000.00	900,000.00	255,000.00
Temporary Notes							
Series 2020-1	-	712,000.00	-	-	-	-	-
Revolving Loans							
KWPCRL C20-1499-01	19,838.54	-	-	-	-	-	-
Capital Leases							
Maintenance Equipment	12,691.14	12,940.43	3,237.28	-	-	-	-
Fire Truck	3,658.73	-	-	-	-	-	-
Sewage Pumper Truck	5,070.98	5,248.47	5,432.17	4,557.26	-	-	-
Canon Copiers	1,730.00	1,831.55	1,939.06	1,012.78	-	-	-
Ambulance	26,404.58	29,715.22	30,695.51	31,708.10	21,717.76	-	-
Total Principal Payments	404,601.47	1,117,977.26	408,593.94	405,489.71	326,145.83	1,313,693.25	697,939.04
Interest							
General Obligation Bonds							
Series 2020-A	7,425.00	7,284.48	7,142.02	7,016.77	6,851.46	32,007.92	28,033.70
Series 2020-B	37,688.75	36,975.51	36,252.46	35,616.78	34,777.73	162,471.77	142,300.30
Series 2020-C	9,528.75	9,348.42	9,165.60	9,004.88	8,792.74	41,077.06	35,976.96
Series 2020-D	64,140.63	46,112.50	40,512.50	34,712.50	28,912.50	79,802.50	29,557.50
Temporary Notes							
Series 2020-1	28,480.00	7,120.00	-	-	-	-	-
Revolving Loans							
KWPCRL C20-1499-01	304.58	-	-	-	-	-	-
Capital Leases							
Maintenance Equipment	470.98	221.69	53.25	-	-	-	-
Fire Truck	30.91	-	-	-	-	-	-
Sewage Pumper Truck	748.09	570.60	386.90	196.82	-	-	-
Canon Copiers	327.52	225.97	118.46	16.98	-	-	-
Ambulance	3,822.43	3,259.70	2,279.41	1,266.82	265.52	-	-
Total Interest Payments	152,967.64	111,118.87	95,910.60	87,831.55	79,599.95	315,359.25	235,868.46
Total Principal and Interest	\$ 557,569.11	\$ 1,229,096.13	\$ 504,504.54	\$ 493,321.26	\$ 405,745.78	\$ 1,629,052.50	\$ 933,807.50

6. LONG-TERM DEBT

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Issue	2036-2040	2041-2045	2046-2050	2051-2055	2056-2060	Total
Principal						
General Obligation Bonds						
Series 2020-A	\$ 64,434.47	\$ 69,004.52	\$ 73,882.92	\$ 79,106.25	\$ 84,658.19	\$ 540,000.00
Series 2020-B	327,041.20	350,236.74	374,997.36	401,508.68	429,884.32	2,741,000.00
Series 2020-C	82,688.29	88,552.98	94,813.40	101,516.45	108,663.29	693,000.00
Series 2020-D	210,000.00	-	-	-	-	2,710,000.00
Temporary Notes						
Series 2020-1	-	-	-	-	-	712,000.00
Revolving Loans						
KWPCRL C20-1499-01	-	-	-	-	-	19,838.54
Capital Leases						
Maintenance Equipment	-	-	-	-	-	28,868.85
Fire Truck	-	-	-	-	-	3,658.73
Sewage Pumper Truck	-	-	-	-	-	20,308.88
Canon Copiers	-	-	-	-	-	6,513.39
Ambulance	-	-	-	-	-	140,241.17
Total Principal Payments	684,163.96	507,794.24	543,693.68	582,131.38	623,205.80	7,615,429.56
Interest						
General Obligation Bonds						
Series 2020-A	23,790.53	19,220.48	14,342.08	9,118.75	3,526.77	165,759.96
Series 2020-B	120,763.80	97,568.26	72,807.64	46,296.32	17,913.84	841,433.16
Series 2020-C	30,531.71	24,667.02	18,406.60	11,703.55	4,527.39	212,730.68
Series 2020-D	16,800.00	-	-	-	-	340,550.63
Temporary Notes						
Series 2020-1	-	-	-	-	-	35,600.00
Revolving Loans						
KWPCRL C20-1499-01	-	-	-	-	-	304.58
Capital Leases						
Maintenance Equipment	-	-	-	-	-	745.92
Fire Truck	-	-	-	-	-	30.91
Sewage Pumper Truck	-	-	-	-	-	1,902.41
Canon Copiers	-	-	-	-	-	688.93
Ambulance	-	-	-	-	-	10,893.88
Total Interest Payments	191,886.04	141,455.76	105,556.32	67,118.62	25,968.00	1,610,641.06
Total Principal and Interest	\$ 876,050.00	\$ 649,250.00	\$ 649,250.00	\$ 649,250.00	\$ 649,173.80	\$ 9,226,070.62

7. **DEFINED BENEFIT PENSION PLAN**

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2018. Effective January 1, 2018, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the City were \$93,719.57 for KPERS for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, the City's proportionate share of the collective net pension liability reported by KPERS was \$843,821.00. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

8. **CAPITAL PROJECTS**

The following is a summary of capital project authorizations and expenditures to date:

<u>PROJECT NAME</u>	<u>AUTHORIZED</u>	<u>EXPENDED THRU 12/31/20</u>	<u>ESTIMATED COMPLETION</u>
Wastewater Improvement Project	\$ 4,299,000.00	\$ 2,383,390.29	2021
Swimming Pool Project	2,300,000.00	1,741,917.49	2021
Grocery Store Project	1,048,803.00	559,664.81	2021

9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020.

Compensated Absences:

All full-time employees of the City with one year of employment are eligible for vacation benefits in varying annual amounts. Full time employees will be granted paid vacation time according to the following schedules:

Months Continuous Employment:	1-24	25-72	73-144	145-216	217-276	277+
Hours Granted per Year:	4	6	9	10	18	12

Accrued vacation benefits must be used within the employee’s annual period (hire date to hire date).

Sick leave accrues to all full-time employees at the rate of one sick day per month to a maximum of 60 days. In the event of termination, an employee shall not be paid for any accrued sick leave.

The City has no policy regarding compensatory time, however it is accumulated.

The City determines a liability for compensated absences when the following conditions are met:

1. The City's obligation relating to employees’ rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for annual leave and compensatory time, which has been earned, but not taken, by City employees. The estimated liability at December 31, 2020, was \$6,432.79 for annual leave. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

Other Post Employment Benefits:

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

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

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees’ health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

11. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City’s financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2020. Future potential impacts may include a decline in receipts. Our results of operations for full year 2021 may be materially adversely affected.

12. INTERFUND TRANSFERS

Operating and residual transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Obligation Bond & Interest	Water Plant Improvement	K.S.A. 12-197	\$ 75,000.00
General Obligation Bond & Interest	Water Principal and Interest	K.S.A. 12-197	70,000.00
Sewer Utility	Sewer Principal and Interest	K.S.A. 12-825d	138,000.00
Sewer Utility	Wastewater Improvement Project	K.S.A. 12-825d	39,800.00
Water Utility	Water Plant Improvement	K.S.A. 12-825d	15,000.00
Water Utility	Water Principal and Interest	K.S.A. 12-825d	14,000.00

13. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition or disclosure in the financial statement.

SUPPLEMENTARY INFORMATION

CITY OF CANEY, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 (Budgeted Funds Only)
 For the Year Ended December 31, 2020

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	\$ 1,290,000.00	\$ 10,321.30	\$ 1,300,321.30	\$ 1,195,942.33	\$ (104,378.97)
Special Purpose Funds:					
Industrial	6,092.00	-	6,092.00	5,350.00	(742.00)
Library	70,336.00	-	70,336.00	65,714.03	(4,621.97)
Special Parks	2,500.00	-	2,500.00	-	(2,500.00)
Employee Benefits	269,268.00	-	269,268.00	6,310.66	(262,957.34)
Vehicle Identification	17,500.00	-	17,500.00	16,285.26	(1,214.74)
Special Highway	83,413.00	-	83,413.00	66,956.93	(16,456.07)
Police, Fire, and Ambulance Equipment	280,000.00	-	280,000.00	270,571.50	(9,428.50)
Street Sales Tax	85,000.00	-	85,000.00	29,810.67	(55,189.33)
Bond and Interest Fund:					
General Obligation Bond and Interest	138,000.00	-	138,000.00	145,000.00	7,000.00
Business Funds:					
Water Utility	630,582.00	-	630,582.00	582,215.54	(48,366.46)
Sewer Utility	550,821.00	-	550,821.00	415,035.44	(135,785.56)
Sewer Treatment Replacement	7,800.00	-	7,800.00	-	(7,800.00)
Solid Waste Utility	230,993.00	-	230,993.00	217,317.53	(13,675.47)
Grocery Store Utility	1,790,905.00	-	1,790,905.00	413.21	(1,790,491.79)

CITY OF CANEY, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 289,578.47	\$ 287,768.74	\$ 316,997.00	\$ (29,228.26)
Delinquent Tax	18,224.02	14,393.90	11,000.00	3,393.90
Motor Vehicle Tax	31,914.26	32,622.14	29,782.00	2,840.14
Recreational Vehicle Tax	264.95	331.39	357.00	(25.61)
16/20M Truck Tax	370.04	235.14	452.00	(216.86)
Commercial Vehicle Tax	476.82	386.71	429.00	(42.29)
Rental Excise Tax	-	2.58	-	2.58
Watercraft Tax	62.72	79.09	89.00	(9.91)
Franchise Taxes	232,930.92	233,581.36	230,000.00	3,581.36
Local Alcoholic Liquor Tax	530.18	440.91	2,250.00	(1,809.09)
Compensating Use Tax	100,856.59	199,154.25	106,000.00	93,154.25
Local Sales Tax	179,906.76	225,252.52	220,000.00	5,252.52
Intergovernmental				
Federal Grants	9,378.28	10,321.30	-	10,321.30
Licenses and Permits				
Licenses, Permits & Fees	3,203.00	4,452.00	3,000.00	1,452.00
Charges for Services				
Swimming Pool	12,689.38	2.10	15,400.00	(15,397.90)
Accident Reports & Finger Printing	-	374.00	450.00	(76.00)
Cemetery Lots & Settings	11,022.00	8,321.00	8,500.00	(179.00)
Ambulance Fees	69,357.19	84,082.78	114,000.00	(29,917.22)
County Ambulance Assistance	54,830.22	42,853.20	56,400.00	(13,546.80)
Fines, Forfeitures and Penalties				
Fines	45,312.97	117,754.85	52,500.00	65,254.85
Use of Money and Property				
Interest Income	9,075.50	19,746.37	4,500.00	15,246.37
Sale of Assets	-	10,318.00	-	10,318.00
Loan Repayments	-	-	600.00	(600.00)
Other Receipts				
Insurance Proceeds	17,823.79	13,886.63	15,000.00	(1,113.37)
Miscellaneous	30,288.92	13,136.97	19,999.00	(6,862.03)
Total Receipts	1,118,096.98	1,319,497.93	\$ 1,207,705.00	\$ 111,792.93
Expenditures				
City Administrator Department				
Personal Services	57,752.48	57,044.91	\$ 64,690.00	\$ (7,645.09)
Contractual Services	189,795.64	212,973.04	225,850.00	(12,876.96)
Commodities	14,249.84	16,131.05	18,250.00	(2,118.95)
Capital Outlay	10,297.99	219.10	-	219.10

CITY OF CANEY, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Street Department				
Personal Services	\$ 24,774.47	\$ 30,266.40	\$ 34,020.00	\$ (3,753.60)
Contractual Services	21,102.81	18,232.88	35,750.00	(17,517.12)
Commodities	25,073.39	28,285.08	4,500.00	23,785.08
Capital Outlay	54.44	-	-	-
Parks Department				
Contractual Services	13,659.50	7,980.53	9,000.00	(1,019.47)
Pool Department				
Personal Services	26,823.66	-	22,000.00	(22,000.00)
Contractual Services	5,402.77	243.30	212,511.00	(212,267.70)
Commodities	8,137.78	116.30	8,925.00	(8,808.70)
Police Department				
Personal Services	333,385.11	363,450.85	260,724.00	102,726.85
Contractual Services	43,190.70	51,999.99	54,100.00	(2,100.01)
Commodities	15,740.37	25,550.46	15,500.00	10,050.46
Capital Outlay	369.43	8,491.00	-	8,491.00
Fire Department				
Personal Services	12,159.13	10,315.28	15,296.00	(4,980.72)
Contractual Services	37,388.23	29,146.46	33,800.00	(4,653.54)
Commodities	4,120.61	2,863.17	4,200.00	(1,336.83)
Ambulance Department				
Personal Services	213,048.90	243,718.21	158,740.00	84,978.21
Contractual Services	27,788.64	28,821.20	47,200.00	(18,378.80)
Commodities	7,465.71	8,595.68	13,044.00	(4,448.32)
Cemetery Department				
Personal Services	9,133.77	6,548.59	7,400.00	(851.41)
Contractual Services	49,056.08	23,795.36	44,250.00	(20,454.64)
Commodities	1,133.93	678.82	250.00	428.82
Debt Service				
Capital Lease	2,803.71	-	-	-
Interest	-	20,474.67	-	20,474.67
Total Certified Budget			1,290,000.00	(94,057.67)
Adjustments for Qualifying Budget Credits			10,321.30	(10,321.30)
Total Expenditures	1,153,909.09	1,195,942.33	\$ 1,300,321.30	\$ (104,378.97)
Receipts Over(Under) Expenditures	(35,812.11)	123,555.60		
Unencumbered Cash, Beginning	136,554.97	100,742.86		
Unencumbered Cash, Ending	\$ 100,742.86	\$ 224,298.46		

CITY OF CANEY, KANSAS
INDUSTRIAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ (1.04)	\$ (8.41)	\$ -	\$ (8.41)
Delinquent Tax	34.70	34.33	-	34.33
Transient Guest Tax	-	12,312.14	-	12,312.14
Total Receipts	33.66	12,338.06	\$ -	\$ 12,338.06
Expenditures				
General Government				
Contractual Services	375.00	5,250.00	\$ 5,092.00	\$ 158.00
Commodities	1,818.84	100.00	1,000.00	(900.00)
Total Expenditures	2,193.84	5,350.00	\$ 6,092.00	\$ (742.00)
Receipts Over(Under) Expenditures	(2,160.18)	6,988.06		
Unencumbered Cash, Beginning	5,159.53	2,999.35		
Unencumbered Cash, Ending	<u>\$ 2,999.35</u>	<u>\$ 9,987.41</u>		

CITY OF CANEY, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 56,822.08	\$ 56,268.30	\$ 61,773.00	\$ (5,504.70)
Delinquent Tax	3,639.08	2,889.30	2,500.00	389.30
Motor Vehicle Tax	6,144.91	6,354.90	5,804.00	550.90
Recreational Vehicle Tax	50.81	64.54	70.00	(5.46)
16/20M Truck Tax	68.38	45.73	88.00	(42.27)
Commercial Vehicle Tax	92.63	75.36	84.00	(8.64)
Rental Excise Tax	-	0.50	-	0.50
Watercraft Tax	12.20	15.40	17.00	(1.60)
Total Receipts	66,830.09	65,714.03	\$ 70,336.00	\$ (4,621.97)
Expenditures				
Culture and Recreation				
Library Board	66,830.09	65,714.03	\$ 70,336.00	\$ (4,621.97)
Total Expenditures	66,830.09	65,714.03	\$ 70,336.00	\$ (4,621.97)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	0.03	0.03		
Unencumbered Cash, Ending	\$ 0.03	\$ 0.03		

CITY OF CANEY, KANSAS
SPECIAL PARKS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	\$ 530.19	\$ 440.93	\$ 1,000.00	\$ (559.07)
County Alcoholic Liquor Tax	-	1,226.75	495.00	731.75
Other Receipts				
Insurance Proceeds	9,415.00	-	-	-
Total Receipts	9,945.19	1,667.68	\$ 1,495.00	\$ 172.68
Expenditures				
Culture and Recreation				
Contractual Services	17,885.94	-	\$ 2,500.00	\$ (2,500.00)
Total Expenditures	17,885.94	-	\$ 2,500.00	\$ (2,500.00)
Receipts Over(Under) Expenditures	(7,940.75)	1,667.68		
Unencumbered Cash, Beginning	14,268.64	6,327.89		
Unencumbered Cash, Ending	\$ 6,327.89	\$ 7,995.57		

CITY OF CANEY, KANSAS
EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 117,618.87	\$ 116,392.04	\$ 127,880.00	\$ (11,487.96)
Delinquent Tax	7,950.27	6,317.14	-	6,317.14
Motor Vehicle Tax	12,811.23	13,155.33	12,015.00	1,140.33
Recreational Vehicle Tax	106.22	133.61	144.00	(10.39)
16/20M Truck Tax	146.78	94.67	182.00	(87.33)
Commercial Vehicle Tax	191.92	156.01	173.00	(16.99)
Rental Excise Tax	-	1.04	-	1.04
Watercraft Tax	25.25	31.91	36.00	(4.09)
Other Receipts				
Miscellaneous	-	603.85	-	603.85
Total Receipts	138,850.54	136,885.60	\$ 140,430.00	\$ (3,544.40)
Expenditures				
General Government				
Personal Services	2,973.25	6,310.66	\$ 269,268.00	\$ (262,957.34)
Total Expenditures	2,973.25	6,310.66	\$ 269,268.00	\$ (262,957.34)
Receipts Over(Under) Expenditures	135,877.29	130,574.94		
Unencumbered Cash, Beginning	146,650.62	282,527.91		
Unencumbered Cash, Ending	<u>\$ 282,527.91</u>	<u>\$ 413,102.85</u>		

CITY OF CANEY, KANSAS
VEHICLE IDENTIFICATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
VIN Inspections	\$ 4,400.00	\$ 4,080.00	\$ 4,300.00	\$ (220.00)
Other Receipts				
Miscellaneous	360.00	100.00	50.00	50.00
Total Receipts	<u>4,760.00</u>	<u>4,180.00</u>	<u>\$ 4,350.00</u>	<u>\$ (170.00)</u>
Expenditures				
General Government				
Contractual Services	933.96	620.00	\$ 1,130.00	\$ (510.00)
Commodities	20.00	15,665.26	16,370.00	(704.74)
Total Expenditures	<u>953.96</u>	<u>16,285.26</u>	<u>\$ 17,500.00</u>	<u>\$ (1,214.74)</u>
Receipts Over(Under) Expenditures	3,806.04	(12,105.26)		
Unencumbered Cash, Beginning	<u>11,472.89</u>	<u>15,278.93</u>		
Unencumbered Cash, Ending	<u>\$ 15,278.93</u>	<u>\$ 3,173.67</u>		

CITY OF CANEY, KANSAS
SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Motor Fuel Tax	\$ 55,001.30	\$ 51,512.70	\$ 55,550.00	\$ (4,037.30)
County Gas Tax	9,823.50	9,361.22	10,100.00	(738.78)
Total Receipts	64,824.80	60,873.92	\$ 65,650.00	\$ (4,776.08)
Expenditures				
General Government				
Personal Services	29,078.58	35,865.91	\$ 32,750.00	\$ 3,115.91
Commodities	10,702.38	7,928.90	50,663.00	(42,734.10)
Capital Outlay	33,794.08	10,000.00	-	10,000.00
Debt Service				
Capital Lease	12,162.12	13,162.12	-	13,162.12
Total Expenditures	85,737.16	66,956.93	\$ 83,413.00	\$ (16,456.07)
Receipts Over(Under) Expenditures	(20,912.36)	(6,083.01)		
Unencumbered Cash, Beginning	98,300.27	77,387.91		
Unencumbered Cash, Ending	<u>\$ 77,387.91</u>	<u>\$ 71,304.90</u>		

CITY OF CANEY, KANSAS
POLICE, FIRE, AND AMBULANCE EQUIPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 49,725.39	\$ 49,344.49	\$ 54,050.00	\$ (4,705.51)
Delinquent Tax	2,746.49	2,183.74	-	2,183.74
Motor Vehicle Tax	5,419.16	5,560.62	5,078.00	482.62
Recreational Vehicle Tax	44.94	56.49	61.00	(4.51)
16/20M Truck Tax	62.09	40.05	77.00	(36.95)
Commercial Vehicle Tax	81.18	65.93	73.00	(7.07)
Rental Excise Tax	-	0.44	-	0.44
Watercraft Tax	10.69	13.49	15.00	(1.51)
Intergovernmental				
State Grants	15,300.00	-	-	-
Use of Money and Property				
Loan Proceeds	-	151,986.00	-	151,986.00
Other Receipts				
Miscellaneous	-	13.80	-	13.80
Reimbursed Expense	-	4,100.00	-	4,100.00
Total Receipts	73,389.94	213,365.05	\$ 59,354.00	\$ 154,011.05
Expenditures				
General Government				
Contractual	-	-	\$ 275,000.00	\$ (275,000.00)
Commodities	-	-	5,000.00	(5,000.00)
Capital Outlay	41,523.54	222,241.98	-	222,241.98
Debt Service				
Capital Lease	17,982.04	48,329.52	-	48,329.52
Total Expenditures	59,505.58	270,571.50	\$ 280,000.00	\$ (9,428.50)
Receipts Over(Under) Expenditures	13,884.36	(57,206.45)		
Unencumbered Cash, Beginning	75,859.65	89,744.01		
Unencumbered Cash, Ending	\$ 89,744.01	\$ 32,537.56		

CITY OF CANEY, KANSAS
STREET SALES TAX FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Sales Tax	\$ 84,688.14	\$ 63,070.70	\$ 72,000.00	\$ (8,929.30)
Total Receipts	84,688.14	63,070.70	\$ 72,000.00	\$ (8,929.30)
Expenditures				
General Government				
Capital Outlay	86,991.36	29,810.67	\$ 85,000.00	\$ (55,189.33)
Total Expenditures	86,991.36	29,810.67	\$ 85,000.00	\$ (55,189.33)
Receipts Over(Under) Expenditures	(2,303.22)	33,260.03		
Unencumbered Cash, Beginning	64,734.53	62,431.31		
Unencumbered Cash, Ending	\$ 62,431.31	\$ 95,691.34		

CITY OF CANEY, KANSAS
WASTEWATER IMPROVEMENT PROJECT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	\$ -	\$ 134,688.83
Use of Money and Property		
Loan Proceeds	-	4,522,700.00
Other Receipts		
Miscellaneous	-	480.00
Operating Transfer from Sewer Utility Fund	21,600.00	39,800.00
Total Receipts	<u>21,600.00</u>	<u>4,697,668.83</u>
Expenditures		
Capital Improvements		
Contractual Services	267,472.99	875,323.69
Capital Outlay	-	1,059,318.23
Debt Service		
Principal	-	1,080,000.00
Interest	21,600.00	30,274.66
Total Expenditures	<u>289,072.99</u>	<u>3,044,916.58</u>
Receipts Over(Under) Expenditures	(267,472.99)	1,652,752.25
Unencumbered Cash, Beginning	<u>428,599.28</u>	<u>161,126.29</u>
Unencumbered Cash, Ending	<u>\$ 161,126.29</u>	<u>\$ 1,813,878.54</u>

CITY OF CANEY, KANSAS
CAPITAL PROJECT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	\$ 43,500.00	\$ 974,885.37
Use of Money and Property		
Loan Proceeds	-	1,993,910.87
Other Receipts		
Donations	5.00	3,003.00
Total Receipts	<u>43,505.00</u>	<u>2,971,799.24</u>
Expenditures		
Capital Improvements		
Contractual Services	148,596.76	99,087.57
Capital Outlay	-	2,053,897.97
Total Expenditures	<u>148,596.76</u>	<u>2,152,985.54</u>
Receipts Over(Under) Expenditures	(105,091.76)	818,813.70
Unencumbered Cash, Beginning	-	(105,091.76)
Unencumbered Cash, Ending	<u>\$ (105,091.76)</u>	<u>\$ 713,721.94</u>

CITY OF CANEY, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Sales Tax	\$ 148,834.61	\$ 162,181.76	\$ 138,000.00	\$ 24,181.76
Total Receipts	148,834.61	162,181.76	\$ 138,000.00	\$ 24,181.76
Expenditures				
Operating Transfers to:				
Water Plant Improvement Fund	84,500.00	75,000.00	\$ 138,000.00	\$ (63,000.00)
Water Principal and Interest Fund	70,000.00	70,000.00	-	70,000.00
Total Expenditures	154,500.00	145,000.00	\$ 138,000.00	\$ 7,000.00
Receipts Over(Under) Expenditures	(5,665.39)	17,181.76		
Unencumbered Cash, Beginning	75,909.24	70,243.85		
Unencumbered Cash, Ending	\$ 70,243.85	\$ 87,425.61		

CITY OF CANEY, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Water Charges	\$ 613,110.41	\$ 618,112.98	\$ 608,900.00	\$ 9,212.98
Connection Fee	8,710.00	8,780.00	1,650.00	7,130.00
Other Receipts				
Miscellaneous	16,357.45	16,288.50	25,800.00	(9,511.50)
Total Receipts	638,177.86	643,181.48	\$ 636,350.00	\$ 6,831.48
Expenditures				
Administration, Production, and Distribution				
Personal Services	226,079.02	241,303.96	\$ 252,440.00	\$ (11,136.04)
Contractual Services	193,402.05	197,782.68	150,659.00	47,123.68
Commodities	100,958.60	104,751.31	117,483.00	(12,731.69)
Capital Outlay	1,691.79	9,377.59	110,000.00	(100,622.41)
Debt Service				
Capital Lease	3,803.68	-	-	-
Operating Transfers to:				
Water Principal and Interest Fund	1,000.00	14,000.00	-	14,000.00
Water Plant Improvement Fund	7,500.00	15,000.00	-	15,000.00
Total Expenditures	534,435.14	582,215.54	\$ 630,582.00	\$ (48,366.46)
Receipts Over(Under) Expenditures	103,742.72	60,965.94		
Unencumbered Cash, Beginning	166,334.61	270,077.33		
Unencumbered Cash, Ending	<u>\$ 270,077.33</u>	<u>\$ 331,043.27</u>		

CITY OF CANEY, KANSAS
WATER PLANT IMPROVEMENT FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	\$ -	\$ 623,802.84
Operating Transfers from:		
Water Utility Fund	7,500.00	15,000.00
General Obligation Bond and Interest Fund	84,500.00	75,000.00
Total Receipts	92,000.00	713,802.84
Expenditures		
Debt Services		
Principal	69,330.12	692,642.15
Interest	22,418.00	22,857.68
Commission and Postage	2,606.74	2,657.87
Total Expenditures	94,354.86	718,157.70
Receipts Over(Under) Expenditures	(2,354.86)	(4,354.86)
Unencumbered Cash, Beginning	59,501.01	57,146.15
Unencumbered Cash, Ending	\$ 57,146.15	\$ 52,791.29

CITY OF CANEY, KANSAS
WATER PRINCIPAL AND INTEREST FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	\$ -	\$ 257,685.00
Operating Transfer from:		
Water Utility Fund	1,000.00	14,000.00
General Obligation Bond and Interest Fund	70,000.00	70,000.00
Total Receipts	71,000.00	341,685.00
Expenditures		
Debt Service		
Principal	60,000.00	315,000.00
Interest	12,420.00	8,055.00
Commission and Postage	-	15,800.25
Total Expenditures	72,420.00	338,855.25
Receipts Over(Under) Expenditures	(1,420.00)	2,829.75
Unencumbered Cash, Beginning	23,569.38	22,149.38
Unencumbered Cash, Ending	\$ 22,149.38	\$ 24,979.13

CITY OF CANEY, KANSAS
SEWER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Wastewater Charges	\$ 493,020.34	\$ 495,154.72	\$ 499,900.00	\$ (4,745.28)
Other Receipts				
Miscellaneous	195.00	-	2,500.00	(2,500.00)
Total Receipts	<u>493,215.34</u>	<u>495,154.72</u>	<u>\$ 502,400.00</u>	<u>\$ (7,245.28)</u>
Expenditures				
Collection and Treatment				
Personal Services	162,336.16	180,605.85	\$ 196,001.00	\$ (15,395.15)
Contractual Services	56,039.31	44,094.28	59,550.00	(15,455.72)
Commodities	2,220.06	6,716.24	28,000.00	(21,283.76)
Capital Outlay	144.37	-	-	-
Debt Service				
Capital Lease	8,622.75	5,819.07	5,820.00	(0.93)
Operating Transfers to:				
Wastewater Improvement Project Fund	21,600.00	39,800.00	261,450.00	(221,650.00)
Sewer Principal and Interest Fund	147,500.00	138,000.00	-	138,000.00
Total Expenditures	<u>398,462.65</u>	<u>415,035.44</u>	<u>\$ 550,821.00</u>	<u>\$ (135,785.56)</u>
Receipts Over(Under) Expenditures	94,752.69	80,119.28		
Unencumbered Cash, Beginning	<u>61,815.73</u>	<u>156,568.42</u>		
Unencumbered Cash, Ending	<u>\$ 156,568.42</u>	<u>\$ 236,687.70</u>		

CITY OF CANEY, KANSAS
SEWER TREATMENT REPLACEMENT FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Wastewater Charges	\$ 7,637.50	\$ 7,671.90	\$ 7,800.00	\$ (128.10)
Total Receipts	7,637.50	7,671.90	\$ 7,800.00	\$ (128.10)
Expenditures				
General Government				
Capital Outlay	-	-	\$ 7,800.00	\$ (7,800.00)
Total Expenditures	-	-	\$ 7,800.00	\$ (7,800.00)
Receipts Over(Under) Expenditures	7,637.50	7,671.90		
Unencumbered Cash, Beginning	1,459.05	9,096.55		
Unencumbered Cash, Ending	\$ 9,096.55	\$ 16,768.45		

CITY OF CANEY, KANSAS
SEWER PRINCIPAL AND INTEREST FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	\$ -	\$ 647,770.59
Operating Transfer from Sewer Utility Fund	147,500.00	138,000.00
Total Receipts	147,500.00	785,770.59
Expenditures		
Debt Service		
Principal	120,917.10	768,968.65
Interest	23,108.42	18,708.51
Commission and Postage	-	1,981.59
Cost of Issuance	-	13,213.25
Total Expenditures	144,025.52	802,872.00
Receipts Over(Under) Expenditures	3,474.48	(17,101.41)
Unencumbered Cash, Beginning	78,550.15	82,024.63
Unencumbered Cash, Ending	\$ 82,024.63	\$ 64,923.22

CITY OF CANEY, KANSAS
SOLID WASTE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Collections	\$ 227,363.72	\$ 236,369.37	\$ 220,000.00	\$ 16,369.37
Total Receipts	227,363.72	236,369.37	\$ 220,000.00	\$ 16,369.37
Expenditures				
Generation and Distribution				
Personal Services	21,523.18	24,272.16	\$ 27,823.00	\$ (3,550.84)
Contractual Services	195,060.99	193,045.37	197,770.00	(4,724.63)
Commodities	-	-	4,400.00	(4,400.00)
Debt Service				
Capital Lease	2,803.68	-	1,000.00	(1,000.00)
Total Expenditures	219,387.85	217,317.53	\$ 230,993.00	\$ (13,675.47)
Receipts Over(Under) Expenditures	7,975.87	19,051.84		
Unencumbered Cash, Beginning	51,810.65	59,786.52		
Unencumbered Cash, Ending	\$ 59,786.52	\$ 78,838.36		

CITY OF CANEY, KANSAS
GROCERY STORE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Loan Proceeds	\$ -	\$ 500.00	\$ -	\$ 500.00
Charges for Services				
Retail Sales	-	-	1,633,467.00	(1,633,467.00)
Other Receipts				
Miscellaneous	-	-	36,754.00	(36,754.00)
Total Receipts	-	500.00	\$ 1,670,221.00	\$ (1,669,721.00)
Expenditures				
General Government				
Personal Services	-	-	\$ 289,946.00	\$ (289,946.00)
Contractual Services	-	413.21	266,616.00	(266,202.79)
Commodities	-	-	1,174,343.00	(1,174,343.00)
Debt Service				
Capital Lease	-	-	60,000.00	(60,000.00)
Total Expenditures	-	413.21	\$ 1,790,905.00	\$ (1,790,491.79)
Receipts Over(Under) Expenditures	-	86.79		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ 86.79		

CITY OF CANEY, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Special Law Enforcement	\$ 2,128.24	\$ 10.00	\$ -	\$ 2,138.24
	<u>\$ 2,128.24</u>	<u>\$ 10.00</u>	<u>\$ -</u>	<u>\$ 2,138.24</u>

CITY OF CANEY, KANSAS

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Provided to Sub Recipients	Receipts	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Passed through the Kansas Department of Commerce					
Community Development Block Grant - Wastewater Improvements	19-PF-012	14.228	\$ -	\$ 113,683.80	\$ 206,309.28
Community Development Block Grant - Neighborhood Center Improvements	19-NC-004	14.228	-	674,885.37	748,224.55
		Total 14.228	-	788,569.17	954,533.83
Total U.S. Department of Housing and Urban Development			-	788,569.17	954,533.83
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Direct Grant					
Water and Waste Disposal Systems for Rural Communities - Loan	N/A	10.760	-	3,434,000.00	1,435,199.19
Water and Waste Disposal Systems for Rural Communities - Grant	N/A	10.760	-	21,005.03	254,000.00
		Total 10.760	-	3,455,005.03	1,689,199.19
Community Facilities Loans and Grants Cluster					
Community Facilities Loans and Grants	N/A	10.766	-	-	50,000.00
Total U.S. Department of Agriculture			-	3,455,005.03	1,739,199.19
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
Passed through Montgomery County, Kansas					
Coronavirus Relief Fund (SPARK)	Not Assigned	21.019	-	205,245.46	205,245.46
Passed through the Kansas Department of Commerce					
Coronavirus Relief Fund (SPARK)	Not Assigned	21.019	-	100,000.00	98,565.11
		Total 21.019	-	305,245.46	303,810.57
Total U.S. Department of the Treasury			-	305,245.46	303,810.57
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Passed through the Office of Kansas Department of Transportation					
Highway Safety Cluster					
State and Community Highway Safety - Click Step	PT-1343-20	20.600	-	1,678.28	1,678.28
Total U.S. Department of Transportation			-	1,678.28	1,678.28

CITY OF CANEY, KANSAS

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Provided to Sub Recipients	Receipts	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Direct Grant					
Provider Relief Fund - COVID-19	N/A	93.498	\$ -	\$ 3,397.56	\$ 2,668.43
Total U.S. Department of Health and Human Services			-	3,397.56	2,668.43
TOTAL FEDERAL AWARDS			\$ -	\$ 4,553,895.50	\$ 3,001,890.30

Notes to the Schedule of Expenditures of Federal Awards:

NOTE A -- BASIS OF PRESENTATION

Federal expenditures are recorded on the accrual basis of accounting, which records expenses when the goods or services are received, and not necessarily when paid.

NOTE B --INDIRECT COST RATE

City of Caney, Kansas did not elect to use the 10% de minimis cost rate.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council
City of Caney, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of City of Caney, Kansas, as of and for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the City of Caney, Kansas' basic financial statement, and have issued our report thereon dated September 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City of Caney, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Caney, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Caney, Kansas' internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
September 7, 2021

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council
City of Caney, Kansas

Report on Compliance for Each Major Federal Program

We have audited the City of Caney, Kansas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Caney, Kansas' major federal programs for the year ended December 31, 2020. City of Caney, Kansas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Caney, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
September 7, 2021

CITY OF CANEY, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

I. SUMMARY OF AUDITORS' RESULTS

Financial Statement:

The auditors' report expresses an adverse opinion in accordance with generally accepted accounting principles, on the financial statement of City of Caney, Kansas and an unmodified opinion on the regulatory basis of accounting.

Internal Control over Financial Reporting:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	None Reported
Non compliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	_____ <u>X</u> _____	No

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	None Reported

The auditors' report on compliance for the major federal award programs for City of Caney, Kansas expresses an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	_____ <u>X</u> _____	No
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Identification of major programs:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant – CFDA No. 14.228

U.S. DEPARTMENT OF AGRICULTURE

Water and Waste Disposal Systems for Rural Communities – CFDA No. 10.760

The threshold for distinguishing Types A and B programs was \$750,000.00.

Auditee qualified as a low risk auditee?	_____	Yes	_____ <u>X</u> _____	No
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II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF CANEY, KANSAS

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

None

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

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

THE NOTE RESOLUTION

DEFINITIONS

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

“Act” means the Constitution and statutes of the State, including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123), K.S.A. 10-620 *et seq.* and K.S.A. 12-1736 *et seq.*, all as amended and supplemented.

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

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

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

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

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

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

“City” means the City of Caney, Kansas.

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

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

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

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

“Dated Date” means January 6, 2022.

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

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Notes for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded

from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

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

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

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

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

“DTC” means The Depository Trust Company.

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

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

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

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

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

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

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

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

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

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Note which shall be February 15 and August 15 of each year, commencing August 1, 2022.

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

“Issuer” means the City and any successors or assigns.

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

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

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

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

“Note Register” means the books for the registration, transfer and exchange of Notes kept at the office of the Note Registrar.

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

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

“Notes” means the General Obligation Temporary Notes, Series 2022-1, authorized and issued by the Issuer pursuant to the Note Resolution.

“Official Statement” means the Issuer's Official Statement relating to the Notes.

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

- (a) Notes theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Notes deemed to be paid in accordance with the provisions of the Note Resolution; and
- (c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered hereunder.

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

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

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

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and

amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

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

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

“Rating Agency” means any company, agency or entity that provides ratings for the Notes.

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

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

“Redemption Fund” means the fund by that name created in the Note Resolution.

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

“Refunded Notes” means the Series 2020-1 Notes maturing in the year 2022 in the aggregate principal amount of \$712,000.

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

“Refunded Notes Redemption Date” means January 6, 2022.

“Refunded Notes Resolution” means the resolution which authorized the Refunded Notes.

“Replacement Notes” means Notes issued to the Beneficial Owners of the Notes in accordance with the Note Resolution.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Series 2020-1 Notes” means the Issuer's General Obligation Temporary Notes, Series 2020-1, dated February 19, 2020.

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

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

“State” means the state of Kansas.

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

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

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

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

ESTABLISHMENT OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF NOTE PROCEEDS

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

- (a) Redemption Fund.
- (b) Debt Service Account.
- (c) Costs of Issuance Account.

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

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

- (a) All accrued interest and excess proceeds, if any, received from the sale of the Notes shall be deposited in the Debt Service Account.
- (b) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Notes shall be deposited in the Redemption Fund.

Application of Moneys in the Redemption Fund. Moneys in the Redemption Fund shall be paid and transferred to the Refunded Notes Paying Agent, with irrevocable instructions to apply such amount to the payment of the Refunded Notes on the Refunded Notes Redemption Date. Any moneys remaining in the Redemption Fund not needed to retire the Refunded Notes shall be transferred to the Debt Service Account.

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

Any moneys or investments remaining in the Debt Service Account after the retirement of the indebtedness for which the Notes were issued shall be transferred and paid into the Bond and Interest Fund.

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

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

DEPOSIT AND INVESTMENT OF MONEYS

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

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

DEFAULT AND REMEDIES

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

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

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

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

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

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

DEFEASANCE

When any or all of the Notes, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Note Resolution and all other rights granted thereby shall terminate with respect to the Notes or scheduled interest payments thereon so paid and discharged. Notes, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Note Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State

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

TAX COVENANTS

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

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

MISCELLANEOUS PROVISIONS

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

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Notes as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Notes as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Notes when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Notes or of the Note Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Notes then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Note;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Note;
- (c) permit preference or priority of any Note over any other Note; or
- (d) reduce the percentage in principal amount of Notes required for the written consent to any modification or alteration of the provisions of the Note Resolution.

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Note Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to conform the Note Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Note Resolution shall be in writing, and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

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

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

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

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EXHIBIT A

**CERTIFICATE REGARDING
PRELIMINARY OFFICIAL STATEMENT**

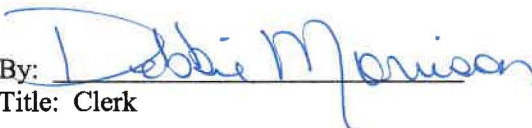
Re: City of Caney, Kansas, General Obligation Temporary Notes, Series 2022-1

The undersigned are the duly acting Mayor and Clerk of the City of Caney, Kansas (the "Issuer"), and are authorized to deliver this Certificate to the purchaser (the "Purchaser") of the above-referenced notes (the "Notes") on behalf of the Issuer. The Issuer has previously caused to be delivered to the Purchaser copies of the Preliminary Official Statement (the "Preliminary Official Statement") relating to the Notes.

To the knowledge of the Issuer, the information contained in the Preliminary Official Statement, other than the sections entitled "The Depository Trust Company," "Ratings," "Legal Matters," "Tax Matters," and *Appendices B* and *C*, for which the Issuer expresses no opinion, and except for the omission of certain information such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings, identity of the underwriters and other terms of the Notes depending on such matters, is true in all material respects, does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

CITY OF CANEY, KANSAS

By: 
Title: Mayor

By: 
Title: Clerk

OFFICIAL STATEMENT

**NEW ISSUE
BOOK ENTRY ONLY**

**NOT RATED
BANK QUALIFIED**

In the opinion of Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the interest on the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; (2) the interest on the Notes is exempt from income taxation by the State of Kansas; and (3) the Notes are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" herein.

**\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1**

Dated: As of the Delivery Date shown below

Due: February 15, 2024

The General Obligation Temporary Notes, Series 2022-1 (the "Notes") will be issued by the City of Caney, Kansas (the "City" or "Issuer"), as fully registered Notes without coupons and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Note Registrar shall determine. Purchasers will not receive certificates representing their interests in Notes purchased. So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the Note owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Notes. Principal will be payable at stated maturity or earlier redemption upon presentation and surrender of the Notes by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as note registrar and paying agent (the "Note Registrar" and "Paying Agent"). Interest on each Note will be payable semiannually on February 15 and August 15, commencing on August 15, 2022 to the persons who are registered owners of the Notes as of the close of business on the first day (whether or not a business day) of the calendar month of such interest payment date by check or draft of the Paying Agent mailed to such registered owner or, in the case of an interest payment to a registered owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Notes, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

The Notes and the interest thereon will constitute general obligations of the Issuer, payable from the proceeds of the Issuer's general obligation bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer.

MATURITY SCHEDULE

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP¹ Base: 13752N CM 2</u>
02/15/2024	\$740,000	0.550%	0.550%	

(All plus accrued interest, if any)

¹CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a subsidiary of The McGraw-Hill Companies, Inc, and is included solely for the convenience of the Owners of the Notes. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

The Notes may be called for redemption and payment prior to their Stated Maturity on February 15, 2023, and thereafter as a whole or in part at any time (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date (see "THE NOTES – Redemption Provisions" herein).

The Notes are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. Certain other legal matters will be passed upon by Paul Kritz, Esq., Coffeyville, Kansas, counsel for the Issuer. It is expected that the Notes will be available for delivery through the facilities of the Depository Trust Company in New York, New York on or about January 6, 2022.



THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. "APPENDIX C - SUMMARY OF FINANCING DOCUMENTS" CONTAINS DEFINITIONS USED IN THIS OFFICIAL STATEMENT.

This Official Statement is dated December 16, 2021.

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

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

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

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

\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

Governing Body

Thomas C. Burk Jr., Mayor
Kenneth Butts, Councilmember
Shirley Davis, Councilmember
Dan Johnston, Councilmember
Lori Patterson, Councilmember
Marianne Ranes, Councilmember
Keith Rogers, Councilmember
Debbie Wood, Councilmember
Vacant, Councilmember

City Staff

Fred Gress, City Manager
Debbie Morrison, City Clerk
Sara Shively, City Treasurer

City Attorney

Paul Kritz, Esq.
Coffeyville, Kansas

Bond Counsel

Gilmore & Bell, P.C.
Wichita, Kansas

Paying Agent/Bond Registrar

Office of State Treasurer
Topeka, Kansas

Financial Advisor

Ranson Financial Group, LLC
Wichita, Kansas

Underwriter

Northland Securities, Inc.
Minneapolis, Minnesota

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

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APPENDIX A – INFORMATION CONCERNING THE ISSUER

APPENDIX B – AUDITORS’ REPORT FOR YEAR ENDED DECEMBER 31, 2020

APPENDIX C – SUMMARY OF FINANCING DOCUMENTS

\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

INTRODUCTION

General Matters

The purpose of this Official Statement is to furnish information relating to the City of Caney, Kansas (the "Issuer" or the "City"), and the General Obligation Temporary Notes, Series 2022-1 (the "Notes"), of the Issuer, dated January 6, 2022 (the "Dated Date").

The Notes are being issued for the purpose of providing interim financing for certain internal improvements and to pay costs associated with the issuance of the Notes.

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

The Issuer is a municipal corporation and city of the third class duly organized and existing under the laws of the State of Kansas. Additional information regarding the Issuer is contained in APPENDIX A to this Official Statement.

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

Definitions

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

Continuing Disclosure

The Securities and Exchange Council (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. The Issuer is relying on a provision of the Rule that exempts issues of less than \$1,000,000 aggregate principal amount from the requirements of the Rule and therefore has **not** covenanted to provide continuous secondary market disclosure. However, the Issuer intends to supply its most recent financial statements to the Underwriter and any Note owner upon written request and reimbursement to the Issuer of the costs of the photocopying and mailing. For a discussion of the impact of the absence of continuous disclosure on the secondary market for the Notes, see the section captioned "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

Additional Information

Additional information regarding the Issuer or the Notes may be obtained from the City's Municipal Advisor, Ranson Financial Group LLC, 200 W. Douglas, Suite 600, Wichita, Kansas 67202, by phone (316) 264-3400, Attention: Beth Warren, or e-mail (ewarren@ransonfinancial.com).

THE NOTES

Authority for the Notes

The Notes are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123), and K.S.A. 12-1736 *et seq.*, all as amended and supplemented (collectively, the "Act"), and a resolution adopted by the governing body of the Issuer on December 20, 2021 (the "Note Resolution") for the purpose of paying the cost of certain public building improvements (the "Improvements").

Security for the Notes

The Notes shall be general obligations of the Issuer payable as to both principal and interest from the proceeds of the Issuer's general obligation bonds, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the

taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

Description of the Notes

The Notes shall consist of fully registered book-entry-only Notes in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Note Registrar shall determine. All of the Notes shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturity, subject to redemption and payment prior to their Stated Maturity, and shall bear interest at the rates per annum set forth on the cover page of this Official Statement. The Notes shall bear interest (computed on the basis of twelve 30 day months) from the later of the Dated Date or the most recent Interest Payment Date to the Stated Maturity or prior redemption in the manner hereinafter set forth.

Designation of Paying Agent and Note Registrar

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

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

Method and Place of Payment of the Notes

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

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

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

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

Payments Due on Saturdays, Sundays and Holidays

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

Book-Entry Notes: Securities Depository

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

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

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

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

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

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

Registration, Transfer and Exchange of Notes

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

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

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

Mutilated, Lost, Stolen or Destroyed Notes

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

Nonpresentment of Notes

If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Note Resolution or on, or with respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note becomes due at Maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Note, and such Note shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Redemption Provisions

Optional Redemption. At the option of the Issuer, the Notes may be called for redemption and payment prior to their Stated Maturity on February 15, 2023, and thereafter as a whole or in part at any time (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

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

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

All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Notes are to be redeemed, the identification (and, in the case of partial redemption of any Notes, the respective principal amounts) of the Notes to be redeemed; (d) a statement that on the Redemption Date the Redemption

Price will become due and payable upon each such Note or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Notes are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

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

For so long as the Securities Depository is effecting book-entry transfers of the Notes, the Note Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Note (having been mailed notice from the Note Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Note so affected, shall not affect the validity of the redemption of such Note.

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

THE DEPOSITORY TRUST COMPANY

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

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

RISK FACTORS AND INVESTMENT CONSIDERATIONS

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

Legal Matters

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

Limitations on Remedies Available to Owners of Notes

The enforceability of the rights and remedies of the owners of Notes, and the obligations incurred by the City in issuing the Notes, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or

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

Debt Service Source

The Notes are general obligations of the Issuer payable as to both principal and interest, if necessary, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the Issuer's property tax collections. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material impact on the Issuer's financial situation. See "APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections."

Taxation of Interest on the Notes

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

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

Premium on Notes

Any person who purchases a Note in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Notes are subject to redemption at par under the various circumstances described under "THE NOTES - Redemption of Notes."

No Additional Interest or Mandatory Redemption upon Event of Taxability

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

Kansas Public Employees Retirement System

As described in "*APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans*," the Issuer participates in the Kansas Public Employees Retirement System ("KPERs"), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERs administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Public Employees Retirement System – Local Group (the "Plan"). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability ("UAAL"). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERs' Valuation Report, the Local Group had an UAAL of approximately \$1.419 billion in calendar year 2020.

Suitability of Investment

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

Secondary Market

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

Cybersecurity Risks

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

Natural Disasters or Terrorist Attacks

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

Global Health Emergency

On March 11, 2020, the World Health Organization proclaimed the Coronavirus and the disease caused by it (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The Governor of the State has issued various Executive Orders in response to the COVID-19 pandemic, including Executive Orders temporarily preventing foreclosures and evictions, deferring certain tax deadlines and payments, instituting a temporary State-wide stay-at-home (expired as of May 2020), and instituting a mask mandate which granted each county the right to opt out of such order. Under recently enacted legislation, the State's Legislative Coordinating Council may override certain of the State executive orders related to the COVID-19 pandemic, and parties aggrieved by any county executive orders are given enhanced rights to challenge such orders.

The COVID-19 pandemic could result in increased costs to the Issuer and/or negative impacts on the collection of property taxes (a primary source of revenue for the Issuer, including for repayment of the Notes) within the Issuer due to increased payment delinquencies or disruption of the collection or distribution of property taxes. All such factors could have a material adverse effect on the Issuer's operations and financial condition. As of the date hereof, the Issuer has not experienced material adverse changes relative to its adopted budget with regard to expenditures or receipt of revenues. To date, the Issuer has received approximately \$150,167.41 of funds through the Coronavirus Aid, Relief, and Economic Security Act, and has been allocated approximately \$299,446.32 of funds through the American Rescue Plan Act of 2021, of which 50% has been received and the balance is expected to be received in 2022.

State and local governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax collections that are essential to repayment of the Notes, may deviate from historical or anticipated levels.

The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The Issuer is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the Issuer.

THE IMPROVEMENTS

Proceeds of the Notes will be applied to: 1) refund on January 6, 2022, the Issuer's General Obligation Temporary Notes, Series 2020-1, dated February 19, 2020, in the outstanding amount of \$712,000 (the "Refunded Notes"), which were originally issued to temporarily finance, among other projects, certain public building improvements described below (the "Improvements"); and 2) to pay costs of issuance associated with the issuance of the Notes.

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Estimated Construction Cost</u>
Public building improvements – Grocery Store	1359	12-1736 <i>et seq.</i>	\$697,730

SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds available for the Improvements, including the proceeds from the sale of the Notes, exclusive of accrued interest.

Sources of Funds	
Principal Amount of the Notes	\$740,000.00
Total Sources of Funds	\$740,000.00
Uses of Funds	
Deposit to Redemption Fund	\$714,768.89
Costs of Issuance	21,338.71
Underwriter's Discount	<u>3,892.40</u>
Total Uses of Funds	\$740,000.00

RATINGS

The Issuer has **not** applied for a rating on the Notes herein offered for sale.

ABSENCE OF LITIGATION

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

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

LEGAL MATTERS

Approval of Notes

All matters incident to the authorization and issuance of the Notes are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas, Bond Counsel to the Issuer. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the matters appearing in the sections of this Official Statement captioned "THE NOTES," "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX C – SUMMARY OF FINANCING DOCUMENTS." Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Notes. Certain legal matters have been passed on for the Issuer by Paul Kritz, Esq., Coffeyville, Kansas.

TAX MATTERS

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Notes. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Notes as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers),

and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Notes in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Notes.

Opinion of Bond Counsel

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

Federal Tax Exemption. The interest on the Notes is excludable from gross income for federal income tax purposes.

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

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

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

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

Other Tax Consequences

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

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

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

FINANCIAL ADVISOR

Ranson Financial Group, LLC, Wichita, Kansas, has acted as Financial Advisor to the Issuer in connection with the sale of the Notes. The Financial Advisor is a “municipal advisor” as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Notes. The fees of the Financial Advisor are contingent upon the issuance of the Notes.

UNDERWRITING

The Notes have been sold at public sale by the Issuer to Northland Securities, Inc., Minneapolis, Minnesota (the “Underwriter”) on the basis of lowest net interest cost. Four (4) bids were received by the Issuer. The Underwriter has agreed, subject to certain conditions, to purchase the Notes at a price equal to the principal amount of the Notes, less an underwriting discount of \$3,892.40.

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

AUTHORIZATION OF OFFICIAL STATEMENT

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

CITY OF CANEY, KANSAS

By: _____
Thomas Burk, Mayor

By: _____
Debbie Morrison, City Clerk

APPENDIX A

INFORMATION CONCERNING THE ISSUER

GENERAL

Size and Location

The City of Caney, Kansas (the "City") is located in north central Montgomery County (the "County"), approximately 115 miles southeast of Wichita and one mile north of the Kansas-Oklahoma border. The Issuer encompasses approximately 1.35 square miles and has a current estimated population of 1,788 persons.

Government and Organization of the City

The City is a municipal corporation and a city of the second class. The City has a Mayor/Council form of government. The City Council conducts all legislative functions for the City and establishes general policies which are executed by its staff, which serves at its pleasure.

The principal officials and officers of the City are as follows:

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Thomas C. Burk Jr.	01/2022
Councilmember	Ralph Anthony	01/2023
Councilmember:	Kenneth Butts	01/2022
Councilmember	Marianne Carey-Ranes	01/2023
Councilmember	Shirley Davis	01/2023
Councilmember	Dan Johnston	01/2022
Councilmember	Lori Patterson	01/2022
Councilmember	Keith Rogers	01/2022
Councilmember	Vacant	N/A
City Manager	Fred Gress	N/A
City Clerk	Debbie Morrison	N/A
City Attorney	Paul Kritz, Esq.	N/A
City Treasurer	Sara Shively	01/2022

Management Personnel

The City Manager is appointed by the Council and is charged with the efficient and effective administration of the City.

Public Safety

The City provides police service with six full-time police officer(s) and two part-time police officer(s). Fire protection for the City and surrounding area is provided by the City through a volunteer fire department consisting of 21 firefighters. Emergency medical services for the City and surrounding area is provided by the City consisting of four full-time and three part-time employees.

Municipal Services and Other Utilities

The City owns and operates its own water, sewer, and solid waste utility system for residents of the City. Electric service is provided by Evergy Energy. Natural gas service is provided by Atmos Energy. Telephone service is provided by Kan-Okla Networks. Other various service providers provide telephone and internet services.

Transportation Facilities

The City is served by U.S./Kansas Highways 166 and 75. The SK & O railroad runs south-north through the City. The nearest commercial air service is available at Dwight D. Eisenhower Airport in Wichita, KS, 115 miles northwest of the City. The nearest Amtrak station is located in Bartlesville, Oklahoma, 19 miles south of the City.

Educational Institutions and Facilities

The City is served by the Unified School District No. 436 (Caney Valley) which operates one elementary school, one high school and one charter school. The current estimated enrollment is 739.

Independence Community College and Coffeyville Community College are both located less than 20 miles from the City within the county. These Institutions provide two-year curriculums, vocational and technical courses of study. The following universities or colleges offering bachelor's or advanced degrees are also located in the region:

<u>Name</u>	<u>Location</u>	<u>Estimated Distance from City (in Miles)</u>	<u>Estimated Enrollment (FTE)</u>
Coffeyville Community College	Coffeyville, KS	18	1,045
Independence Community College	Independence, KS	20	526
Rogers State University	Claremore, OK	51	3,482
University of Tulsa	Tulsa, OK	60	3,702
Northeastern Oklahoma A&M College	Miami, OK	60	2,075
Cowley County Community College	Arkansas City, KS	62	3,173

Medical and Health Facilities

The City is served by Ascension Medical Group-St. John which is located within the City. The facility provides care for short-term, long-term illness, and services to help promote better family health. In addition, the Coffeyville Regional Medical Center which is located 18 miles east of the City in Coffeyville, Kansas, and Ascension St. John Jane Phillips Hospital which is located 20 miles south of the City in Bartlesville, Oklahoma, provide emergency medical services along with a plethora of other services available to the City's residents.

Recreational, Cultural and Religious Facilities

Various recreational facilities are available for the City's residents including public parks, swimming pool, and a public library. There is also a lake, gun club, golf club and a zoological park located within or around the City.

The City has eleven churches that serve the community.

FINANCIAL INFORMATION

Accounting, Budgeting and Auditing Procedures

The City follows a statutory basis of accounting which is designed to show compliance with cash basis and budget laws of Kansas. The City has received a GAAP Waiver from the State of Kansas. More complete information regarding the City's accounting is contained in the Notes to the Financial Statements attached hereto as **APPENDIX B**.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the City prior to August 25 of each year (or September 20 if the City must conduct a public hearing to levy taxes in excess of its revenue neutral rate described below). Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

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

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must first publish notice of a public hearing and notify the county clerk of the taxing subdivision's intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement, (5) the appraised value and assessed value of the taxpayer's property, (6) estimates of the tax for the current tax year on the taxpayer's property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by a majority vote of its governing body, and the amount of tax to be levied must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over collected based on the amount of the levy that was in excess of the revenue neutral rate.

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

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Jarred, Gilmore, & Phillips, PA, Chanute Kansas. Copies of the audit reports for the past five (5) years are on file in the Clerk's office and are available for review. The audit for the Fiscal Year ended December 31, 2020 is attached hereto as *APPENDIX B*.

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

Property Valuations

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

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

public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

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

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

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

Assessed Valuation

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

<u>Levy Year</u>	<u>Budget Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Motor Vehicle Valuation</u>	<u>Total Valuation</u>
2021	2022	\$7,123,172 ⁽¹⁾	\$ 963,575 ⁽¹⁾	\$547,973 ⁽¹⁾	\$1,383,515 ⁽³⁾	\$10,018,235
2021	2022	7,123,172 ⁽²⁾	957,991 ⁽²⁾	544,663 ⁽²⁾	1,383,515 ⁽³⁾	10,009,341
2020	2021	7,558,242	1,011,474	654,544	1,383,515	10,605,944
2019	2020	7,371,484	997,825	637,860	1,346,164	10,353,333
2018	2019	9,170,432	1,015,414	612,451	1,317,770	12,116,067
2017	2018	9,116,234	1,057,222	574,461	1,399,169	12,147,086

Source: County Clerk

⁽¹⁾ Final valuation figures as of November 1, 2021, used for budgeting purposes.

⁽²⁾ Preliminary valuation figures as of July 15, 2021, used for budgeting purposes.

⁽³⁾ Motor vehicle valuation for 2021 is not yet available. Motor vehicle valuation for 2020 was used for estimation purposes.

Property Tax Levies and Collections

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

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

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

Tax Rates. The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser.

The following table shows the City's mill levies by fund (per \$1000 of assessed valuation) for each of the years indicated and the current year:

<u>Levy Year</u>	<u>Budget Year</u>	<u>General</u>	<u>Employee Benefits</u>	<u>Other</u>	<u>Total Levy</u>
2021	2022	29.398	19.967	9.928	59.293
2020	2021	34.016	13.738	12.145	59.899
2019	2020	35.194	14.198	12.859	62.251
2018	2019	29.356	11.843	10.726	51.925
2017	2018	29.529	11.889	10.772	52.190

Source: County Clerk

Aggregate Tax Levies. The aggregate tax levies (per \$1000 assessed valuation) of the City and overlapping jurisdictions for the years indicated are included in the following table:

<u>Levy Year</u>	<u>Budget Year</u>	<u>City</u>	<u>County</u>	<u>USD No. 436⁽¹⁾</u>	<u>State</u>	<u>Comm. College</u>	<u>Extension District</u>	<u>Total</u>
2021	2022	59.293	52.117	56.545	1.500	43.603	1.389	214.447
2020	2021	59.899	52.089	56.712	1.500	42.835	1.321	214.356
2019	2020	62.251	51.566	55.741	1.500	41.882	1.383	214.323
2018	2019	51.925	51.363	55.903	1.500	41.064	1.353	203.108
2017	2018	52.190	49.049	51.079	1.500	40.024	1.329	195.171

⁽¹⁾ Includes mill levy for recreation commission.

Source: County Clerk

Tax Collection Record. The following table sets forth tax collection information (not including special assessments) for the City for the years indicated:

<u>Levy Year</u>	<u>Budget Year</u>	<u>Total Taxes Levied</u>	<u>Current Tax Collections</u>	<u>Percentage Collected</u>
2021	2022	\$513,009	In Process	N/A
2020	2021	547,926	\$515,417	94.07%
2019	2020	558,218	511,619	91.65%
2018	2019	556,947	527,368	94.69%
2017	2018	556,515	535,519	96.23%

Source: County Clerk & Treasurer

Major Taxpayers. The following table sets forth the ten largest taxpayers in the City based on total assessed valuation and total taxes levied in the most recent tax collection period (2021/22):

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
1. Individual	\$1,353,025	\$290,152
2. Evergy Kansas South Inc.	280,321	60,114
3. Atmos Energy Corp.	230,781	49,490
4. Community National Bank	104,723	22,457
5. Stalwart Enterprises LLC	103,789	22,211
6. Individual Trust	80,940	17,357
7. City of Caney	72,954	15,644
8. Engineered Systems	57,413	12,312
9. Individual (2)	54,389	11,645
10. Individual Trust (2)	51,001	10,937

Source: County Clerk

Pension and Employee Retirement Plans

The Issuer participates in the Kansas Public Employees Retirement System (“KPERS”) established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERS is governed by a board of trustees consisting of nine members, each of whom serve four-year terms. The board of trustees appoints an executive director to serve as the managing officer of KPERS and manage a staff to carry out daily operations of the system.

As of December 31, 2020, KPERS serves approximately 326,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

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

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

- (a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.
- (b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

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

In 2021, the Legislature authorized the issuance of revenue bonds to provide net proceeds of up to \$500 million (the “Revenue Bonds”) the proceeds of which must be applied to the unfunded actuarial pension liability as directed by KPERS. The Revenue Bonds in the principal amount of \$504,535,000 were issued August 26, 2021. The repayment of the Revenue Bonds shall be subject to legislative annual appropriation, shall not be an obligation of the KPERS system, and the full faith and credit or taxing power of the State shall not be pledged to the repayment of the Revenue Bonds. Due to the authorization of the Revenue Bonds, the Legislature changed the State/School employer contribution rate from 14.09% to 13.33% for fiscal year 2022 and from 13.86% to 13.11% for fiscal year 2023.

The Issuer’s contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The City’s contribution is 8.90% of gross compensation for calendar year 2022. In addition, the Issuer contributes 1% of the employee’s gross salary for Death and Disability Insurance for covered employees; provided that starting July 1, 2021, there will be a moratorium on the Death and Disability Insurance rate, and the Issuer will contribute 0% of the employee’s gross salary for Death and Disability Insurance for covered employees after such date.

According to the Valuation Report as of December 31, 2020 (the “2020 Valuation Report”) the KPERS Local Group, of which the City is a member, carried an unfunded accrued actuarial liability (“UAAL”) of approximately \$1.419 billion at the end of 2020. The amount of the UAAL in 2020 changed from the previous year’s amount due to the factors discussed in the 2020 Valuation Report; such report also includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group. A copy of the 2020 Valuation Report is available on the KPERS website at kpers.org/about/reports.html. The City has no means to independently verify any of the information set forth on the KPERS website or in the 2020 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2020 Valuation Report sets the employer contribution rate for the period beginning January 1, 2023, for the KPERS Local Group, and KPERS’ actuaries identified that an employer contribution rate of 8.43% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial period set forth in the 2020 Valuation Report. The statutory contribution rate of employers currently equals the 2020 Valuation Report’s actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

The Issuer has not implemented GASB 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB 27, because the Issuer’s financial statements are prepared on a regulatory basis of accounting which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. KPERS, however, has implemented GASB 67 – Financial Reporting for Pension Plans – An Amendment of GASB Statement 25, and is required annually to provide its participants the proportional share of the net pension liability of KPERS allocated to each participant as of the end of the prior fiscal year. The KPERS’ Schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer (the “GASB 68 Report”) provides the net pension liability allocated to each KPERS participant, including the Issuer. The GASB 68 Report is available on the KPERS website at kpers.org/about/reports.html. Because the Issuer has not implemented GASB 68, the net pension liability calculated by KPERS for the Issuer is not reflected as a liability on the Issuer’s financial statements. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. It is important to note that under existing State law, the Issuer has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

Employee Relations

The City has 19 full-time and 30 part-time employees. Employee relations are characterized as good.

Risk Management

The City is insured against the risks arising from general liability by Employers Mutual Casualty Company and employee medical coverage by Blue Cross Blue Shield.

DEBT STRUCTURE

Debt Summary

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

Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations ⁽¹⁾	\$10,009,341
Legal limitation of Bonded Debt ⁽²⁾	\$3,002,802
Outstanding general obligation debt anticipated as of January 6, 2022 ⁽³⁾	\$7,088,793
Exempt Debt	\$5,992,411
Net Debt against Statutory Debt limit capacity	\$1,096,382
Additional debt capacity	\$1,906,420
Direct debt per capita (1,788)	\$3,965
Overlapping Indebtedness	\$549,369
Direct and overlapping debt.....	\$7,638,162
Direct and overlapping debt per capita	\$4,272
Direct debt as a percentage of Equalized Assessed Valuation.....	70.82%
Direct and overlapping debt as a percentage of Equalized Assessed Valuation	76.31%
Statutory direct debt as a percentage of Equalized Assessed Valuation.....	10.95%

⁽¹⁾ The preliminary assessed value of all tangible taxable property within the City. Also includes the taxable value of motor vehicles within the City. Motor vehicle valuation for 2021 is not yet available. Motor vehicle value for 2020 was used for estimation purposes. See K.S.A. 10-301 *et seq.*

⁽²⁾ See K.S.A. 10-301 *et seq.*

⁽³⁾ Includes this issue.

Overlapping Indebtedness

The following table sets forth overlapping indebtedness as of January 6, 2022, and the percent attributable (on the basis of assessed valuation not including motor vehicle valuation) to the City:

<u>Taxing Jurisdiction</u>	<u>2021 Assessed Valuation</u>	<u>Outstanding General Obligation Indebtedness⁽¹⁾</u>	<u>Percent Applicable to The City</u>	<u>Amount Applicable to The City</u>
Montgomery County	\$324,474,183	\$ 0	2.66%	\$ 0
U.S.D. No. 436	55,325,639	3,520,000	15.61%	<u>549,369</u>
TOTAL				\$549,369

⁽¹⁾ Revenue bonds and capital leases are not considered a general obligation indebtedness under Kansas law and are not included in the total stated herein for underlying indebtedness.

Source: County Clerk

DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The following table sets forth as of the issue date of the Notes all of the outstanding obligations of the City:

GENERAL OBLIGATION BONDS (As of January 6, 2022)

<u>Description of Indebtedness</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Exempt From Debt Limit</u>	<u>% Exempt from Debt Limit</u>
General Obligation Bonds	2020-A	06/24/2060	\$540,000	\$ 529,780	\$529,780	100.00%
General Obligation Bonds	2020-B	06/24/2060	2,741,000	2,689,128	2,689,128	100.00%
General Obligation Bonds	2020-C	06/24/2060	693,000	679,885	679,885	100.00%
General Obligation Refunding and Improvement Bonds	2020-D	12/01/2040	2,710,000	<u>2,450,000</u>	<u>1,353,618</u>	55.25%
TOTAL				\$6,348,793	\$5,252,411	

TEMPORARY NOTES (As of January 6, 2022)

<u>Description of Indebtedness</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>	<u>Amount Included in Debt Limitation</u>
General Obligation Temporary Notes ⁽¹⁾	2020-1	03/01/2022	\$1,252,000	\$ 0	\$0
General Obligation Temporary Notes ⁽²⁾	2022-1	02/15/2024	740,000	<u>740,000</u>	<u>0</u>
TOTAL				\$740,000	\$0

⁽¹⁾ Issue being redeemed by the Notes.

⁽²⁾ This Issue.

CERTIFICATES OF PARTICIPATION

As of January 6, 2022, the City had no certificates of participation outstanding.

REVENUE BONDS OUTSTANDING

As of January 6, 2022, the City had no revenue bonds outstanding.

**CAPITAL LEASE OBLIGATIONS
(As of January 6, 2022)**

<u>Description</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
City Maintenance Equipment	2016	03/01/2023	\$ 85,900	\$ 16,178
Sewer Maintenance Truck	2017	09/01/2024	40,000	15,238
Copiers	2019	06/12/2024	8,930	4,783
Ambulance	2020	08/01/2025	176,546	<u>113,836</u>
TOTAL				\$150,035

LOAN OBLIGATIONS

As of January 6, 2022, the City had no loans outstanding.

PUBLIC BUILDING COMMISSION REVENUE BONDS OUTSTANDING

As of January 6, 2022, the City had no public building commission revenue bonds outstanding.

Debt Payment Record

The City has never been delinquent in any payments of its debt agreements.

Future Indebtedness

The City from time to time will lease small equipment and such leases may or may not have a purchase option in accordance with the terms of said lease. Periodically, the City reviews all its outstanding debt obligations for refunding opportunities and will complete issues as needed when sufficient savings can be achieved. Other than the projects detailed above, the City does not have plans to issue any additional debt at this time.

ECONOMIC INFORMATION CONCERNING THE CITY

Population Trends

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

<u>Year</u>	<u>County Population</u>	<u>City Population</u>
2020	31,486	1,788
2019	31,829	1,968
2018	32,120	1,991
2017	32,556	2,026
2016	32,746	2,042

Source: Kansas Statistical Abstract

Labor Force

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

MONTGOMERY COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2020	14,852	13,774	1,078	7.3%
2019	14,801	14,196	605	4.1%
2018	14,834	14,194	640	4.3%
2017	14,987	14,203	784	5.2%
2016	15,884	14,866	1,018	6.4%

STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2020	1,497,013	1,409,003	88,010	5.9%
2019	1,486,620	1,439,563	47,057	3.2%
2018	1,482,220	1,432,387	49,833	3.4%
2017	1,478,783	1,425,216	53,567	3.6%
2016	1,484,001	1,422,122	61,879	4.2%

Currently, the Kansas Department of Labor estimates an unemployment rate of 4.0% for the County and 3.3% for the State of Kansas for the month of October 2021.

Source: Kansas Statistical Abstract (2016 – 2020 data); Kansas Department of Labor (October 2021 estimate)

Retail Sales and Use Tax Collections

The following table lists the County's state sales and use tax collections for the years indicated:

<u>Year</u>	<u>Sales and Use Tax Collections</u>	<u>Per Capita Sales and Use Tax</u>
2020	\$32,637,872	\$1,018.64
2019	30,339,363	914.85
2018	28,756,698	734.32 ⁽¹⁾
2017	23,599,676 ⁽¹⁾	712.35 ⁽¹⁾
2016	23,833,003 ⁽¹⁾	772.20 ⁽¹⁾

⁽¹⁾Use tax collections not included.

Source: Kansas Statistical Abstract

Effective July 1, 2015, the statewide sales and use tax was increased to 6.50%.

Local Option Sales Tax

The City has imposed the following citywide retailers' sales taxes: (1) 1% general purpose sales tax; (2) 0.75% special purpose sales tax to pay the costs of curb, gutter and street improvement projects in the City, commencing on January 1, 2018, and which expired on July 1, 2019, upon the commencement of the sales tax described in (4) below; (3) 1% general purpose sales tax to pay the costs of improvements and repairs to the water distribution system, improvements and repairs to the water treatment plant and other related improvement projects in the City, commencing on April 1, 2018, and expiring on March 31, 2028; and (4) 1% City-wide retailers' sales tax to pay the costs of improvements to the City's swimming pool, curbs, gutters and streets, including the payment of financing costs related thereto; commencing on July 1, 2019, or as soon thereafter as permitted by law, and expiring 10 years after its commencement. The following table provides the amount of local sales tax collected and received by the City during the years indicated.

<u>Year</u>	<u>Receipts</u>
2020	\$450,505
2019	413,429
2018	401,377
2017	389,822
2016	389,918

Local sales tax collections for January 2021 through July are \$235,932, which was a decrease of 7.42% from the same period in 2020.

Source: Kansas Department of Revenue

Financial and Banking Institutions

There are currently seven banks, with 17 different branch locations, located in the County. During a five-year period, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2020	\$666,000
2019	604,000
2018	580,000
2017	579,000
2016	589,000

Source: Kansas Statistical Abstract

Personal Income Trends

The following table lists the County personal and per capita income and State of Kansas per capita income for the years indicated:

<u>Year</u>	<u>Montgomery County</u> <u>Personal Income (\$000)</u>	<u>Montgomery County</u> <u>Per Capita Income</u>	<u>State Per</u> <u>Capita Income</u>
2019	\$1,242,628	\$39,041	\$53,426
2018	1,206,947	37,576	51,471
2017	1,145,066	35,172	48,559
2016	1,204,085	33,958	47,603
2015	1,257,650	35,012	47,161

Source: Kansas Statistical Abstract

APPENDIX B

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

CITY OF CANEY, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2020

CITY OF CANEY, KANSAS
For the Year Ended December 31, 2020

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For the Year Ended December 31, 2020

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Caney, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Caney, Kansas, as of and for the year ended December 31, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Kansas Municipal Audit and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Caney, Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Caney, Kansas as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Caney, Kansas as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget and schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Caney, Kansas as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated August 10, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/oar/municipal-services>. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2020 (Schedule 1 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 basic financial statement or to the 2019 basic financial statement itself, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the 2019 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2019, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2021, on our consideration of the City of Caney, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Caney, Kansas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Caney, Kansas' internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

September 7, 2021
Chanute, Kansas

CITY OF CANEY, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2020
General Fund	\$ 100,742.86	\$ 1,319,497.93	\$ 1,195,942.33	\$ 224,298.46	\$ 60,665.39	\$ 284,963.85
Special Purpose Funds:						
Industrial	2,999.35	12,338.06	5,350.00	9,987.41	-	9,987.41
Library	0.03	65,714.03	65,714.03	0.03	-	0.03
Special Parks	6,327.89	1,667.68	-	7,995.57	-	7,995.57
Employee Benefits	282,527.91	136,885.60	6,310.66	413,102.85	203.07	413,305.92
Vehicle Identification	15,278.93	4,180.00	16,285.26	3,173.67	725.35	3,899.02
Special Highway	77,387.91	60,873.92	66,956.93	71,304.90	816.28	72,121.18
Police, Fire, and Ambulance Equipment	89,744.01	213,365.05	270,571.50	32,537.56	-	32,537.56
Street Sales Tax	62,431.31	63,070.70	29,810.67	95,691.34	29,810.67	125,502.01
Capital Project Funds:						
Wastewater Improvement Project	161,126.29	4,697,668.83	3,044,916.58	1,813,878.54	487,058.47	2,300,937.01
Capital Project	(105,091.76)	2,971,799.24	2,152,985.54	713,721.94	195,168.52	908,890.46
Bond and Interest Funds:						
General Obligation Bond and Interest	70,243.85	162,181.76	145,000.00	87,425.61	-	87,425.61
Business Funds:						
Water Utility	270,077.33	643,181.48	582,215.54	331,043.27	28,696.54	359,739.81
Water Plant Improvement	57,146.15	713,802.84	718,157.70	52,791.29	-	52,791.29
Water Principal and Interest	22,149.38	341,685.00	338,855.25	24,979.13	-	24,979.13
Sewer Utility	156,568.42	495,154.72	415,035.44	236,687.70	7,934.62	244,622.32
Sewer Treatment Replacement	9,096.55	7,671.90	-	16,768.45	-	16,768.45
Sewer Principal and Interest	82,024.63	785,770.59	802,872.00	64,923.22	-	64,923.22
Solid Waste Utility	59,786.52	236,369.37	217,317.53	78,838.36	16,530.71	95,369.07
Grocery Store Utility	-	500.00	413.21	86.79	4.04	90.83
Total Primary Government (Excluding Agency Funds)	\$ 1,420,567.56	\$ 12,933,378.70	\$ 10,074,710.17	\$ 4,279,236.09	\$ 827,613.66	\$ 5,106,849.75

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

CITY OF CANEY, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2020

	2020
Total Cash to be accounted for:	\$ 5,106,849.75
Composition of Cash:	
Utility Cash on Hand.....	\$ 250.00
General Petty Cash on Hand.....	200.00
Police Petty Cash on Hand.....	201.00
Checking Accounts:	
General Account	114,331.53
Grant Checking Account.....	5.00
Money Market Account	4,994,000.46
Total Cash	5,108,987.99
Agency Funds per Schedule 3	(2,138.24)
Total Reporting Entity (Excluding Agency Funds)	\$ 5,106,849.75

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

CITY OF CANEY, KANSAS

Notes to the Financial Statement
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Caney, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City of Caney, Kansas (the City) is a municipal corporation governed by a Mayor and elected eight member council. This financial statement presents the City of Caney, Kansas.

Related Municipal Entity. A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Caney City Library - The Caney City Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate financial information can be obtained from the Library.

Caney Recreation Commission - The Caney Recreation Commission oversees the City's recreation activities. The Caney Recreation Commission operates as a separate governing body but the City may appoint board members to the Recreation Commission. Separate financial information can be obtained from the Recreation Commission.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Caney, Kansas, for the year of 2020:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Bond and Interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

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

Basis of Presentation – Regulatory Basis of Accounting

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

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

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City’s policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as cash receipts. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest, and business funds. Although directory rather than mandatory, the statutes provide for the following timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2020 the City amended the General Fund, Industrial Fund, Vehicle Identification Fund, Special Highway Fund, and Police, Fire and Ambulance Equipment Fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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

A legal operating budget is not required for capital projects funds, trust funds, permanent funds.

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1, the City was in apparent compliance with Kansas cash basis laws. As shown in Schedule 1, the City has obligated expenditures in excess of budgetary limits in the General Obligation Bond and Interest Fund in apparent violation of KSA 79-2934.

Management is not aware of any other material statutory violations.

3. DEPOSITS AND INVESTMENTS

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

K.S.A 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

3. **DEPOSITS AND INVESTMENTS** (Continued)

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2020.

Deposits: At year-end, the City's carrying amount of deposits was \$5,108,336.99 and the bank balance was \$5,143,068.56. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$249,110.45 was covered by FDIC insurance and \$4,893,958.11 was collateralized with a repurchase agreement.

4. **OPERATING LEASES**

As of December 31, 2020 the City has entered into an operating lease for office equipment. Rent expense for the year ended December 31, 2020, was \$1,661.04. Under the current lease agreements, the future minimum rental payments are as follows:

2021	\$	1,245.78
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5. **CAPITAL LEASE OBLIGATIONS**

The City has entered into a capital lease agreement in order finance the purchase of various pieces of maintenance equipment. Payments are made quarterly including interest at 1.95%. Final maturity of the lease is March 1, 2023. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ 13,162.12
2022	13,162.12
2023	<u>3,290.53</u>
	29,614.77
Less imputed interest	<u>(745.92)</u>
Net Present Value of Minimum Lease Payments	28,868.85
Less: Current Maturities	<u>(12,691.14)</u>
Long-Term Capital Lease Obligations	<u>\$ 16,177.71</u>

The City has entered into a capital lease agreement in order finance the purchase of a 1993 Freightliner Fire Truck. Payments are made quarterly including interest at 2.25%. Final maturity of the lease is June 8, 2021. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ <u>3,689.64</u>
	3,689.64
Less imputed interest	<u>(30.91)</u>
Net Present Value of Minimum Lease Payments	3,658.73
Less: Current Maturities	<u>(3,658.73)</u>
Long-Term Capital Lease Obligations	<u>\$ 0.00</u>

5. CAPITAL LEASE OBLIGATIONS (Continued)

The City has entered into a capital lease agreement in order finance the purchase of a 2004 Sewer Pumper Truck. Payments are made annually including interest at 3.50%. Final maturity of the lease is September 15, 2024. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ 5,819.07
2022	5,819.07
2023	5,819.07
2024	<u>4,754.08</u>
	22,211.29
Less imputed interest	<u>(1,902.41)</u>
Net Present Value of Minimum	
Lease Payments	20,308.88
Less: Current Maturities	<u>(5,070.98)</u>
Long-Term Capital Lease Obligations	<u>\$ 15,237.90</u>

The City has entered into a capital lease agreement in order finance the purchase of Canon Copier Machines. Payments are made monthly including interest at 5.717%. Final maturity of the lease is June 12, 2024. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ 2,057.52
2022	2,057.52
2023	2,057.52
2024	<u>1,029.76</u>
	7,202.32
Less imputed interest	<u>(688.93)</u>
Net Present Value of Minimum	
Lease Payments	6,513.39
Less: Current Maturities	<u>(1,730.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 4,783.39</u>

The City has entered into a capital lease agreement in order finance the purchase of 2021 Ford E450 Ambulance. Payments are made monthly including interest at 3.25%. Final maturity of the lease is August 1, 2025. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ 30,227.01
2022	32,974.92
2023	32,974.92
2024	32,974.92
2025	<u>21,983.28</u>
	151,135.05
Less imputed interest	<u>(10,893.88)</u>
Net Present Value of Minimum	
Lease Payments	140,241.17
Less: Current Maturities	<u>(26,404.58)</u>
Long-Term Capital Lease Obligations	<u>\$ 113,836.59</u>

6. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2020, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid by Utility Receipts:									
Series 2011 A	.75-3.60%	December 20, 2011	\$ 745,000.00	December 1, 2024	\$ 315,000.00	\$ -	\$ (315,000.00)	\$ -	\$ 8,055.00
Series 2020-A	1.375%	June 24, 2020	540,000.00	June 24, 2060	-	540,000.00	-	540,000.00	-
Series 2020-B	1.375%	June 24, 2020	2,741,000.00	June 24, 2060	-	2,741,000.00	-	2,741,000.00	-
Series 2020-C	1.375%	June 24, 2020	693,000.00	June 24, 2060	-	693,000.00	-	693,000.00	-
Series 2020-D	1.1-2%	September 1, 2020	2,710,000.00	December 1, 2040	-	2,710,000.00	-	2,710,000.00	-
Temporary Notes									
Paid by Utility Receipts:									
Series 2018	4.00%	March 8, 2018	540,000.00	March 1, 2020	540,000.00	-	(540,000.00)	-	5,400.00
Series 2020-1	4.00%	February 19, 2020	1,252,000.00	March 1, 2022	-	1,252,000.00	(540,000.00)	712,000.00	45,348.08
Revolving Loans									
Paid by Utility Receipts:									
KWPCRL C20-1499-01	3.07%	July 7, 1999	600,000.00	March 1, 2021	58,620.51	-	(38,781.97)	19,838.54	1,504.27
KWPCRL C20-1709-01	2.58%	July 6, 2007	1,155,596.00	September 1, 2027	730,186.68	-	(730,186.68)	-	19,185.83
KPWSLF - No. 2491	3.36%	April 20, 2007	1,344,166.58	February 1, 2028	692,642.15	-	(692,642.15)	-	25,515.55
Capital Leases									
Fire Bunker Gear	2.34%	August 8, 2015	50,080.00	May 8, 2020	2,634.55	-	(2,634.55)	-	16.14
Maintenance Equipment	1.95%	March 16, 2016	85,990.32	March 1, 2023	41,313.30	-	(12,444.45)	28,868.85	717.67
Fire Truck	2.25%	September 8, 2016	35,000.00	June 8, 2021	10,846.58	-	(7,187.85)	3,658.73	191.43
Sewage Pumper Truck	3.50%	May 25, 2017	40,000.00	September 15, 2024	25,244.40	-	(4,935.52)	20,308.88	883.55
Canon Copiers	5.72%	June 12, 2019	8,930.21	June 12, 2024	8,147.47	-	(1,634.08)	6,513.39	423.44
Ambulance	3.25%	August 4, 2020	176,546.00	August 1, 2025	-	176,546.00	(36,304.83)	140,241.17	1,994.72
Total Contractual Indebtedness					\$ 2,424,635.64	\$ 8,112,546.00	\$ (2,921,752.08)	\$ 7,615,429.56	\$ 109,235.68

6. LONG-TERM DEBT

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Issue	2021	2022	2023	2024	2025	2026-2030	2031-2035
Principal							
General Obligation Bonds							
Series 2020-A	\$ 10,220.00	\$ 10,360.52	\$ 10,502.98	\$ 10,628.23	\$ 10,793.54	\$ 56,217.08	\$ 60,191.30
Series 2020-B	51,872.25	52,585.49	53,308.54	53,944.22	54,783.27	285,333.23	305,504.70
Series 2020-C	13,115.25	13,295.58	13,478.40	13,639.12	13,851.26	72,142.94	77,243.04
Series 2020-D	260,000.00	280,000.00	290,000.00	290,000.00	225,000.00	900,000.00	255,000.00
Temporary Notes							
Series 2020-1	-	712,000.00	-	-	-	-	-
Revolving Loans							
KWPCRL C20-1499-01	19,838.54	-	-	-	-	-	-
Capital Leases							
Maintenance Equipment	12,691.14	12,940.43	3,237.28	-	-	-	-
Fire Truck	3,658.73	-	-	-	-	-	-
Sewage Pumper Truck	5,070.98	5,248.47	5,432.17	4,557.26	-	-	-
Canon Copiers	1,730.00	1,831.55	1,939.06	1,012.78	-	-	-
Ambulance	26,404.58	29,715.22	30,695.51	31,708.10	21,717.76	-	-
Total Principal Payments	404,601.47	1,117,977.26	408,593.94	405,489.71	326,145.83	1,313,693.25	697,939.04
Interest							
General Obligation Bonds							
Series 2020-A	7,425.00	7,284.48	7,142.02	7,016.77	6,851.46	32,007.92	28,033.70
Series 2020-B	37,688.75	36,975.51	36,252.46	35,616.78	34,777.73	162,471.77	142,300.30
Series 2020-C	9,528.75	9,348.42	9,165.60	9,004.88	8,792.74	41,077.06	35,976.96
Series 2020-D	64,140.63	46,112.50	40,512.50	34,712.50	28,912.50	79,802.50	29,557.50
Temporary Notes							
Series 2020-1	28,480.00	7,120.00	-	-	-	-	-
Revolving Loans							
KWPCRL C20-1499-01	304.58	-	-	-	-	-	-
Capital Leases							
Maintenance Equipment	470.98	221.69	53.25	-	-	-	-
Fire Truck	30.91	-	-	-	-	-	-
Sewage Pumper Truck	748.09	570.60	386.90	196.82	-	-	-
Canon Copiers	327.52	225.97	118.46	16.98	-	-	-
Ambulance	3,822.43	3,259.70	2,279.41	1,266.82	265.52	-	-
Total Interest Payments	152,967.64	111,118.87	95,910.60	87,831.55	79,599.95	315,359.25	235,868.46
Total Principal and Interest	\$ 557,569.11	\$ 1,229,096.13	\$ 504,504.54	\$ 493,321.26	\$ 405,745.78	\$ 1,629,052.50	\$ 933,807.50

6. LONG-TERM DEBT

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Issue	2036-2040	2041-2045	2046-2050	2051-2055	2056-2060	Total
Principal						
General Obligation Bonds						
Series 2020-A	\$ 64,434.47	\$ 69,004.52	\$ 73,882.92	\$ 79,106.25	\$ 84,658.19	\$ 540,000.00
Series 2020-B	327,041.20	350,236.74	374,997.36	401,508.68	429,884.32	2,741,000.00
Series 2020-C	82,688.29	88,552.98	94,813.40	101,516.45	108,663.29	693,000.00
Series 2020-D	210,000.00	-	-	-	-	2,710,000.00
Temporary Notes						
Series 2020-1	-	-	-	-	-	712,000.00
Revolving Loans						
KWPCRL C20-1499-01	-	-	-	-	-	19,838.54
Capital Leases						
Maintenance Equipment	-	-	-	-	-	28,868.85
Fire Truck	-	-	-	-	-	3,658.73
Sewage Pumper Truck	-	-	-	-	-	20,308.88
Canon Copiers	-	-	-	-	-	6,513.39
Ambulance	-	-	-	-	-	140,241.17
Total Principal Payments	684,163.96	507,794.24	543,693.68	582,131.38	623,205.80	7,615,429.56
Interest						
General Obligation Bonds						
Series 2020-A	23,790.53	19,220.48	14,342.08	9,118.75	3,526.77	165,759.96
Series 2020-B	120,763.80	97,568.26	72,807.64	46,296.32	17,913.84	841,433.16
Series 2020-C	30,531.71	24,667.02	18,406.60	11,703.55	4,527.39	212,730.68
Series 2020-D	16,800.00	-	-	-	-	340,550.63
Temporary Notes						
Series 2020-1	-	-	-	-	-	35,600.00
Revolving Loans						
KWPCRL C20-1499-01	-	-	-	-	-	304.58
Capital Leases						
Maintenance Equipment	-	-	-	-	-	745.92
Fire Truck	-	-	-	-	-	30.91
Sewage Pumper Truck	-	-	-	-	-	1,902.41
Canon Copiers	-	-	-	-	-	688.93
Ambulance	-	-	-	-	-	10,893.88
Total Interest Payments	191,886.04	141,455.76	105,556.32	67,118.62	25,968.00	1,610,641.06
Total Principal and Interest	\$ 876,050.00	\$ 649,250.00	\$ 649,250.00	\$ 649,250.00	\$ 649,173.80	\$ 9,226,070.62

7. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2018. Effective January 1, 2018, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the City were \$93,719.57 for KPERS for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, the City's proportionate share of the collective net pension liability reported by KPERS was \$843,821.00. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

8. CAPITAL PROJECTS

The following is a summary of capital project authorizations and expenditures to date:

<u>PROJECT NAME</u>	<u>AUTHORIZED</u>	<u>EXPENDED THRU 12/31/20</u>	<u>ESTIMATED COMPLETION</u>
Wastewater Improvement Project	\$ 4,299,000.00	\$ 2,383,390.29	2021
Swimming Pool Project	2,300,000.00	1,741,917.49	2021
Grocery Store Project	1,048,803.00	559,664.81	2021

9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020.

Compensated Absences:

All full-time employees of the City with one year of employment are eligible for vacation benefits in varying annual amounts. Full time employees will be granted paid vacation time according to the following schedules:

Months Continuous Employment:	1-24	25-72	73-144	145-216	217-276	277+
Hours Granted per Year:	4	6	9	10	18	12

Accrued vacation benefits must be used within the employee’s annual period (hire date to hire date).

Sick leave accrues to all full-time employees at the rate of one sick day per month to a maximum of 60 days. In the event of termination, an employee shall not be paid for any accrued sick leave.

The City has no policy regarding compensatory time, however it is accumulated.

The City determines a liability for compensated absences when the following conditions are met:

1. The City's obligation relating to employees’ rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for annual leave and compensatory time, which has been earned, but not taken, by City employees. The estimated liability at December 31, 2020, was \$6,432.79 for annual leave. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

Other Post Employment Benefits:

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

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

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees’ health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

11. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City’s financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2020. Future potential impacts may include a decline in receipts. Our results of operations for full year 2021 may be materially adversely affected.

12. INTERFUND TRANSFERS

Operating and residual transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Obligation Bond & Interest	Water Plant Improvement	K.S.A. 12-197	\$ 75,000.00
General Obligation Bond & Interest	Water Principal and Interest	K.S.A. 12-197	70,000.00
Sewer Utility	Sewer Principal and Interest	K.S.A. 12-825d	138,000.00
Sewer Utility	Wastewater Improvement Project	K.S.A. 12-825d	39,800.00
Water Utility	Water Plant Improvement	K.S.A. 12-825d	15,000.00
Water Utility	Water Principal and Interest	K.S.A. 12-825d	14,000.00

13. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition or disclosure in the financial statement.

SUPPLEMENTARY INFORMATION

CITY OF CANEY, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 (Budgeted Funds Only)
 For the Year Ended December 31, 2020

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	\$ 1,290,000.00	\$ 10,321.30	\$ 1,300,321.30	\$ 1,195,942.33	\$ (104,378.97)
Special Purpose Funds:					
Industrial	6,092.00	-	6,092.00	5,350.00	(742.00)
Library	70,336.00	-	70,336.00	65,714.03	(4,621.97)
Special Parks	2,500.00	-	2,500.00	-	(2,500.00)
Employee Benefits	269,268.00	-	269,268.00	6,310.66	(262,957.34)
Vehicle Identification	17,500.00	-	17,500.00	16,285.26	(1,214.74)
Special Highway	83,413.00	-	83,413.00	66,956.93	(16,456.07)
Police, Fire, and Ambulance Equipment	280,000.00	-	280,000.00	270,571.50	(9,428.50)
Street Sales Tax	85,000.00	-	85,000.00	29,810.67	(55,189.33)
Bond and Interest Fund:					
General Obligation Bond and Interest	138,000.00	-	138,000.00	145,000.00	7,000.00
Business Funds:					
Water Utility	630,582.00	-	630,582.00	582,215.54	(48,366.46)
Sewer Utility	550,821.00	-	550,821.00	415,035.44	(135,785.56)
Sewer Treatment Replacement	7,800.00	-	7,800.00	-	(7,800.00)
Solid Waste Utility	230,993.00	-	230,993.00	217,317.53	(13,675.47)
Grocery Store Utility	1,790,905.00	-	1,790,905.00	413.21	(1,790,491.79)

CITY OF CANEY, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 289,578.47	\$ 287,768.74	\$ 316,997.00	\$ (29,228.26)
Delinquent Tax	18,224.02	14,393.90	11,000.00	3,393.90
Motor Vehicle Tax	31,914.26	32,622.14	29,782.00	2,840.14
Recreational Vehicle Tax	264.95	331.39	357.00	(25.61)
16/20M Truck Tax	370.04	235.14	452.00	(216.86)
Commercial Vehicle Tax	476.82	386.71	429.00	(42.29)
Rental Excise Tax	-	2.58	-	2.58
Watercraft Tax	62.72	79.09	89.00	(9.91)
Franchise Taxes	232,930.92	233,581.36	230,000.00	3,581.36
Local Alcoholic Liquor Tax	530.18	440.91	2,250.00	(1,809.09)
Compensating Use Tax	100,856.59	199,154.25	106,000.00	93,154.25
Local Sales Tax	179,906.76	225,252.52	220,000.00	5,252.52
Intergovernmental				
Federal Grants	9,378.28	10,321.30	-	10,321.30
Licenses and Permits				
Licenses, Permits & Fees	3,203.00	4,452.00	3,000.00	1,452.00
Charges for Services				
Swimming Pool	12,689.38	2.10	15,400.00	(15,397.90)
Accident Reports & Finger Printing	-	374.00	450.00	(76.00)
Cemetery Lots & Settings	11,022.00	8,321.00	8,500.00	(179.00)
Ambulance Fees	69,357.19	84,082.78	114,000.00	(29,917.22)
County Ambulance Assistance	54,830.22	42,853.20	56,400.00	(13,546.80)
Fines, Forfeitures and Penalties				
Fines	45,312.97	117,754.85	52,500.00	65,254.85
Use of Money and Property				
Interest Income	9,075.50	19,746.37	4,500.00	15,246.37
Sale of Assets	-	10,318.00	-	10,318.00
Loan Repayments	-	-	600.00	(600.00)
Other Receipts				
Insurance Proceeds	17,823.79	13,886.63	15,000.00	(1,113.37)
Miscellaneous	30,288.92	13,136.97	19,999.00	(6,862.03)
Total Receipts	1,118,096.98	1,319,497.93	\$ 1,207,705.00	\$ 111,792.93
Expenditures				
City Administrator Department				
Personal Services	57,752.48	57,044.91	\$ 64,690.00	\$ (7,645.09)
Contractual Services	189,795.64	212,973.04	225,850.00	(12,876.96)
Commodities	14,249.84	16,131.05	18,250.00	(2,118.95)
Capital Outlay	10,297.99	219.10	-	219.10

CITY OF CANEY, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Street Department				
Personal Services	\$ 24,774.47	\$ 30,266.40	\$ 34,020.00	\$ (3,753.60)
Contractual Services	21,102.81	18,232.88	35,750.00	(17,517.12)
Commodities	25,073.39	28,285.08	4,500.00	23,785.08
Capital Outlay	54.44	-	-	-
Parks Department				
Contractual Services	13,659.50	7,980.53	9,000.00	(1,019.47)
Pool Department				
Personal Services	26,823.66	-	22,000.00	(22,000.00)
Contractual Services	5,402.77	243.30	212,511.00	(212,267.70)
Commodities	8,137.78	116.30	8,925.00	(8,808.70)
Police Department				
Personal Services	333,385.11	363,450.85	260,724.00	102,726.85
Contractual Services	43,190.70	51,999.99	54,100.00	(2,100.01)
Commodities	15,740.37	25,550.46	15,500.00	10,050.46
Capital Outlay	369.43	8,491.00	-	8,491.00
Fire Department				
Personal Services	12,159.13	10,315.28	15,296.00	(4,980.72)
Contractual Services	37,388.23	29,146.46	33,800.00	(4,653.54)
Commodities	4,120.61	2,863.17	4,200.00	(1,336.83)
Ambulance Department				
Personal Services	213,048.90	243,718.21	158,740.00	84,978.21
Contractual Services	27,788.64	28,821.20	47,200.00	(18,378.80)
Commodities	7,465.71	8,595.68	13,044.00	(4,448.32)
Cemetery Department				
Personal Services	9,133.77	6,548.59	7,400.00	(851.41)
Contractual Services	49,056.08	23,795.36	44,250.00	(20,454.64)
Commodities	1,133.93	678.82	250.00	428.82
Debt Service				
Capital Lease	2,803.71	-	-	-
Interest	-	20,474.67	-	20,474.67
Total Certified Budget			1,290,000.00	(94,057.67)
Adjustments for Qualifying Budget Credits			10,321.30	(10,321.30)
Total Expenditures	1,153,909.09	1,195,942.33	\$ 1,300,321.30	\$ (104,378.97)
Receipts Over(Under) Expenditures	(35,812.11)	123,555.60		
Unencumbered Cash, Beginning	136,554.97	100,742.86		
Unencumbered Cash, Ending	\$ 100,742.86	\$ 224,298.46		

CITY OF CANEY, KANSAS
INDUSTRIAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ (1.04)	\$ (8.41)	\$ -	\$ (8.41)
Delinquent Tax	34.70	34.33	-	34.33
Transient Guest Tax	-	12,312.14	-	12,312.14
Total Receipts	33.66	12,338.06	\$ -	\$ 12,338.06
Expenditures				
General Government				
Contractual Services	375.00	5,250.00	\$ 5,092.00	\$ 158.00
Commodities	1,818.84	100.00	1,000.00	(900.00)
Total Expenditures	2,193.84	5,350.00	\$ 6,092.00	\$ (742.00)
Receipts Over(Under) Expenditures	(2,160.18)	6,988.06		
Unencumbered Cash, Beginning	5,159.53	2,999.35		
Unencumbered Cash, Ending	<u>\$ 2,999.35</u>	<u>\$ 9,987.41</u>		

CITY OF CANEY, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 56,822.08	\$ 56,268.30	\$ 61,773.00	\$ (5,504.70)
Delinquent Tax	3,639.08	2,889.30	2,500.00	389.30
Motor Vehicle Tax	6,144.91	6,354.90	5,804.00	550.90
Recreational Vehicle Tax	50.81	64.54	70.00	(5.46)
16/20M Truck Tax	68.38	45.73	88.00	(42.27)
Commercial Vehicle Tax	92.63	75.36	84.00	(8.64)
Rental Excise Tax	-	0.50	-	0.50
Watercraft Tax	12.20	15.40	17.00	(1.60)
Total Receipts	66,830.09	65,714.03	\$ 70,336.00	\$ (4,621.97)
Expenditures				
Culture and Recreation				
Library Board	66,830.09	65,714.03	\$ 70,336.00	\$ (4,621.97)
Total Expenditures	66,830.09	65,714.03	\$ 70,336.00	\$ (4,621.97)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	0.03	0.03		
Unencumbered Cash, Ending	\$ 0.03	\$ 0.03		

CITY OF CANEY, KANSAS
SPECIAL PARKS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	\$ 530.19	\$ 440.93	\$ 1,000.00	\$ (559.07)
County Alcoholic Liquor Tax	-	1,226.75	495.00	731.75
Other Receipts				
Insurance Proceeds	9,415.00	-	-	-
Total Receipts	9,945.19	1,667.68	\$ 1,495.00	\$ 172.68
Expenditures				
Culture and Recreation				
Contractual Services	17,885.94	-	\$ 2,500.00	\$ (2,500.00)
Total Expenditures	17,885.94	-	\$ 2,500.00	\$ (2,500.00)
Receipts Over(Under) Expenditures	(7,940.75)	1,667.68		
Unencumbered Cash, Beginning	14,268.64	6,327.89		
Unencumbered Cash, Ending	<u>\$ 6,327.89</u>	<u>\$ 7,995.57</u>		

CITY OF CANEY, KANSAS
EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 117,618.87	\$ 116,392.04	\$ 127,880.00	\$ (11,487.96)
Delinquent Tax	7,950.27	6,317.14	-	6,317.14
Motor Vehicle Tax	12,811.23	13,155.33	12,015.00	1,140.33
Recreational Vehicle Tax	106.22	133.61	144.00	(10.39)
16/20M Truck Tax	146.78	94.67	182.00	(87.33)
Commercial Vehicle Tax	191.92	156.01	173.00	(16.99)
Rental Excise Tax	-	1.04	-	1.04
Watercraft Tax	25.25	31.91	36.00	(4.09)
Other Receipts				
Miscellaneous	-	603.85	-	603.85
Total Receipts	138,850.54	136,885.60	\$ 140,430.00	\$ (3,544.40)
Expenditures				
General Government				
Personal Services	2,973.25	6,310.66	\$ 269,268.00	\$ (262,957.34)
Total Expenditures	2,973.25	6,310.66	\$ 269,268.00	\$ (262,957.34)
Receipts Over(Under) Expenditures	135,877.29	130,574.94		
Unencumbered Cash, Beginning	146,650.62	282,527.91		
Unencumbered Cash, Ending	\$ 282,527.91	\$ 413,102.85		

CITY OF CANEY, KANSAS
VEHICLE IDENTIFICATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
VIN Inspections	\$ 4,400.00	\$ 4,080.00	\$ 4,300.00	\$ (220.00)
Other Receipts				
Miscellaneous	360.00	100.00	50.00	50.00
Total Receipts	<u>4,760.00</u>	<u>4,180.00</u>	<u>\$ 4,350.00</u>	<u>\$ (170.00)</u>
Expenditures				
General Government				
Contractual Services	933.96	620.00	\$ 1,130.00	\$ (510.00)
Commodities	20.00	15,665.26	16,370.00	(704.74)
Total Expenditures	<u>953.96</u>	<u>16,285.26</u>	<u>\$ 17,500.00</u>	<u>\$ (1,214.74)</u>
Receipts Over(Under) Expenditures	3,806.04	(12,105.26)		
Unencumbered Cash, Beginning	<u>11,472.89</u>	<u>15,278.93</u>		
Unencumbered Cash, Ending	<u>\$ 15,278.93</u>	<u>\$ 3,173.67</u>		

CITY OF CANEY, KANSAS
SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Motor Fuel Tax	\$ 55,001.30	\$ 51,512.70	\$ 55,550.00	\$ (4,037.30)
County Gas Tax	9,823.50	9,361.22	10,100.00	(738.78)
Total Receipts	64,824.80	60,873.92	\$ 65,650.00	\$ (4,776.08)
Expenditures				
General Government				
Personal Services	29,078.58	35,865.91	\$ 32,750.00	\$ 3,115.91
Commodities	10,702.38	7,928.90	50,663.00	(42,734.10)
Capital Outlay	33,794.08	10,000.00	-	10,000.00
Debt Service				
Capital Lease	12,162.12	13,162.12	-	13,162.12
Total Expenditures	85,737.16	66,956.93	\$ 83,413.00	\$ (16,456.07)
Receipts Over(Under) Expenditures	(20,912.36)	(6,083.01)		
Unencumbered Cash, Beginning	98,300.27	77,387.91		
Unencumbered Cash, Ending	<u>\$ 77,387.91</u>	<u>\$ 71,304.90</u>		

CITY OF CANEY, KANSAS
POLICE, FIRE, AND AMBULANCE EQUIPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 49,725.39	\$ 49,344.49	\$ 54,050.00	\$ (4,705.51)
Delinquent Tax	2,746.49	2,183.74	-	2,183.74
Motor Vehicle Tax	5,419.16	5,560.62	5,078.00	482.62
Recreational Vehicle Tax	44.94	56.49	61.00	(4.51)
16/20M Truck Tax	62.09	40.05	77.00	(36.95)
Commercial Vehicle Tax	81.18	65.93	73.00	(7.07)
Rental Excise Tax	-	0.44	-	0.44
Watercraft Tax	10.69	13.49	15.00	(1.51)
Intergovernmental				
State Grants	15,300.00	-	-	-
Use of Money and Property				
Loan Proceeds	-	151,986.00	-	151,986.00
Other Receipts				
Miscellaneous	-	13.80	-	13.80
Reimbursed Expense	-	4,100.00	-	4,100.00
Total Receipts	73,389.94	213,365.05	\$ 59,354.00	\$ 154,011.05
Expenditures				
General Government				
Contractual	-	-	\$ 275,000.00	\$ (275,000.00)
Commodities	-	-	5,000.00	(5,000.00)
Capital Outlay	41,523.54	222,241.98	-	222,241.98
Debt Service				
Capital Lease	17,982.04	48,329.52	-	48,329.52
Total Expenditures	59,505.58	270,571.50	\$ 280,000.00	\$ (9,428.50)
Receipts Over(Under) Expenditures	13,884.36	(57,206.45)		
Unencumbered Cash, Beginning	75,859.65	89,744.01		
Unencumbered Cash, Ending	\$ 89,744.01	\$ 32,537.56		

CITY OF CANEY, KANSAS
STREET SALES TAX FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Sales Tax	\$ 84,688.14	\$ 63,070.70	\$ 72,000.00	\$ (8,929.30)
Total Receipts	84,688.14	63,070.70	\$ 72,000.00	\$ (8,929.30)
Expenditures				
General Government				
Capital Outlay	86,991.36	29,810.67	\$ 85,000.00	\$ (55,189.33)
Total Expenditures	86,991.36	29,810.67	\$ 85,000.00	\$ (55,189.33)
Receipts Over(Under) Expenditures	(2,303.22)	33,260.03		
Unencumbered Cash, Beginning	64,734.53	62,431.31		
Unencumbered Cash, Ending	\$ 62,431.31	\$ 95,691.34		

CITY OF CANEY, KANSAS
WASTEWATER IMPROVEMENT PROJECT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	\$ -	\$ 134,688.83
Use of Money and Property		
Loan Proceeds	-	4,522,700.00
Other Receipts		
Miscellaneous	-	480.00
Operating Transfer from Sewer Utility Fund	21,600.00	39,800.00
Total Receipts	<u>21,600.00</u>	<u>4,697,668.83</u>
Expenditures		
Capital Improvements		
Contractual Services	267,472.99	875,323.69
Capital Outlay	-	1,059,318.23
Debt Service		
Principal	-	1,080,000.00
Interest	21,600.00	30,274.66
Total Expenditures	<u>289,072.99</u>	<u>3,044,916.58</u>
Receipts Over(Under) Expenditures	(267,472.99)	1,652,752.25
Unencumbered Cash, Beginning	<u>428,599.28</u>	<u>161,126.29</u>
Unencumbered Cash, Ending	<u>\$ 161,126.29</u>	<u>\$ 1,813,878.54</u>

CITY OF CANEY, KANSAS
CAPITAL PROJECT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	\$ 43,500.00	\$ 974,885.37
Use of Money and Property		
Loan Proceeds	-	1,993,910.87
Other Receipts		
Donations	5.00	3,003.00
Total Receipts	43,505.00	2,971,799.24
Expenditures		
Capital Improvements		
Contractual Services	148,596.76	99,087.57
Capital Outlay	-	2,053,897.97
Total Expenditures	148,596.76	2,152,985.54
Receipts Over(Under) Expenditures	(105,091.76)	818,813.70
Unencumbered Cash, Beginning	-	(105,091.76)
Unencumbered Cash, Ending	\$ (105,091.76)	\$ 713,721.94

CITY OF CANEY, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Sales Tax	\$ 148,834.61	\$ 162,181.76	\$ 138,000.00	\$ 24,181.76
Total Receipts	148,834.61	162,181.76	\$ 138,000.00	\$ 24,181.76
Expenditures				
Operating Transfers to:				
Water Plant Improvement Fund	84,500.00	75,000.00	\$ 138,000.00	\$ (63,000.00)
Water Principal and Interest Fund	70,000.00	70,000.00	-	70,000.00
Total Expenditures	154,500.00	145,000.00	\$ 138,000.00	\$ 7,000.00
Receipts Over(Under) Expenditures	(5,665.39)	17,181.76		
Unencumbered Cash, Beginning	75,909.24	70,243.85		
Unencumbered Cash, Ending	\$ 70,243.85	\$ 87,425.61		

CITY OF CANEY, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Water Charges	\$ 613,110.41	\$ 618,112.98	\$ 608,900.00	\$ 9,212.98
Connection Fee	8,710.00	8,780.00	1,650.00	7,130.00
Other Receipts				
Miscellaneous	16,357.45	16,288.50	25,800.00	(9,511.50)
Total Receipts	638,177.86	643,181.48	\$ 636,350.00	\$ 6,831.48
Expenditures				
Administration, Production, and Distribution				
Personal Services	226,079.02	241,303.96	\$ 252,440.00	\$ (11,136.04)
Contractual Services	193,402.05	197,782.68	150,659.00	47,123.68
Commodities	100,958.60	104,751.31	117,483.00	(12,731.69)
Capital Outlay	1,691.79	9,377.59	110,000.00	(100,622.41)
Debt Service				
Capital Lease	3,803.68	-	-	-
Operating Transfers to:				
Water Principal and Interest Fund	1,000.00	14,000.00	-	14,000.00
Water Plant Improvement Fund	7,500.00	15,000.00	-	15,000.00
Total Expenditures	534,435.14	582,215.54	\$ 630,582.00	\$ (48,366.46)
Receipts Over(Under) Expenditures	103,742.72	60,965.94		
Unencumbered Cash, Beginning	166,334.61	270,077.33		
Unencumbered Cash, Ending	\$ 270,077.33	\$ 331,043.27		

CITY OF CANEY, KANSAS
WATER PLANT IMPROVEMENT FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	\$ -	\$ 623,802.84
Operating Transfers from:		
Water Utility Fund	7,500.00	15,000.00
General Obligation Bond and Interest Fund	84,500.00	75,000.00
Total Receipts	92,000.00	713,802.84
Expenditures		
Debt Services		
Principal	69,330.12	692,642.15
Interest	22,418.00	22,857.68
Commission and Postage	2,606.74	2,657.87
Total Expenditures	94,354.86	718,157.70
Receipts Over(Under) Expenditures	(2,354.86)	(4,354.86)
Unencumbered Cash, Beginning	59,501.01	57,146.15
Unencumbered Cash, Ending	\$ 57,146.15	\$ 52,791.29

CITY OF CANEY, KANSAS
WATER PRINCIPAL AND INTEREST FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	\$ -	\$ 257,685.00
Operating Transfer from:		
Water Utility Fund	1,000.00	14,000.00
General Obligation Bond and Interest Fund	70,000.00	70,000.00
Total Receipts	71,000.00	341,685.00
Expenditures		
Debt Service		
Principal	60,000.00	315,000.00
Interest	12,420.00	8,055.00
Commission and Postage	-	15,800.25
Total Expenditures	72,420.00	338,855.25
Receipts Over(Under) Expenditures	(1,420.00)	2,829.75
Unencumbered Cash, Beginning	23,569.38	22,149.38
Unencumbered Cash, Ending	\$ 22,149.38	\$ 24,979.13

CITY OF CANEY, KANSAS
SEWER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Wastewater Charges	\$ 493,020.34	\$ 495,154.72	\$ 499,900.00	\$ (4,745.28)
Other Receipts				
Miscellaneous	195.00	-	2,500.00	(2,500.00)
Total Receipts	493,215.34	495,154.72	\$ 502,400.00	\$ (7,245.28)
Expenditures				
Collection and Treatment				
Personal Services	162,336.16	180,605.85	\$ 196,001.00	\$ (15,395.15)
Contractual Services	56,039.31	44,094.28	59,550.00	(15,455.72)
Commodities	2,220.06	6,716.24	28,000.00	(21,283.76)
Capital Outlay	144.37	-	-	-
Debt Service				
Capital Lease	8,622.75	5,819.07	5,820.00	(0.93)
Operating Transfers to:				
Wastewater Improvement Project Fund	21,600.00	39,800.00	261,450.00	(221,650.00)
Sewer Principal and Interest Fund	147,500.00	138,000.00	-	138,000.00
Total Expenditures	398,462.65	415,035.44	\$ 550,821.00	\$ (135,785.56)
Receipts Over(Under) Expenditures	94,752.69	80,119.28		
Unencumbered Cash, Beginning	61,815.73	156,568.42		
Unencumbered Cash, Ending	\$ 156,568.42	\$ 236,687.70		

CITY OF CANEY, KANSAS
SEWER TREATMENT REPLACEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Wastewater Charges	\$ 7,637.50	\$ 7,671.90	\$ 7,800.00	\$ (128.10)
Total Receipts	7,637.50	7,671.90	\$ 7,800.00	\$ (128.10)
Expenditures				
General Government				
Capital Outlay	-	-	\$ 7,800.00	\$ (7,800.00)
Total Expenditures	-	-	\$ 7,800.00	\$ (7,800.00)
Receipts Over(Under) Expenditures	7,637.50	7,671.90		
Unencumbered Cash, Beginning	1,459.05	9,096.55		
Unencumbered Cash, Ending	\$ 9,096.55	\$ 16,768.45		

CITY OF CANEY, KANSAS
SEWER PRINCIPAL AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Loan Proceeds	\$ -	\$ 647,770.59
Operating Transfer from Sewer Utility Fund	147,500.00	138,000.00
Total Receipts	147,500.00	785,770.59
Expenditures		
Debt Service		
Principal	120,917.10	768,968.65
Interest	23,108.42	18,708.51
Commission and Postage	-	1,981.59
Cost of Issuance	-	13,213.25
Total Expenditures	144,025.52	802,872.00
Receipts Over(Under) Expenditures	3,474.48	(17,101.41)
Unencumbered Cash, Beginning	78,550.15	82,024.63
Unencumbered Cash, Ending	\$ 82,024.63	\$ 64,923.22

CITY OF CANEY, KANSAS
SOLID WASTE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Collections	\$ 227,363.72	\$ 236,369.37	\$ 220,000.00	\$ 16,369.37
Total Receipts	227,363.72	236,369.37	\$ 220,000.00	\$ 16,369.37
Expenditures				
Generation and Distribution				
Personal Services	21,523.18	24,272.16	\$ 27,823.00	\$ (3,550.84)
Contractual Services	195,060.99	193,045.37	197,770.00	(4,724.63)
Commodities	-	-	4,400.00	(4,400.00)
Debt Service				
Capital Lease	2,803.68	-	1,000.00	(1,000.00)
Total Expenditures	219,387.85	217,317.53	\$ 230,993.00	\$ (13,675.47)
Receipts Over(Under) Expenditures	7,975.87	19,051.84		
Unencumbered Cash, Beginning	51,810.65	59,786.52		
Unencumbered Cash, Ending	\$ 59,786.52	\$ 78,838.36		

CITY OF CANEY, KANSAS
GROCERY STORE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Loan Proceeds	\$ -	\$ 500.00	\$ -	\$ 500.00
Charges for Services				
Retail Sales	-	-	1,633,467.00	(1,633,467.00)
Other Receipts				
Miscellaneous	-	-	36,754.00	(36,754.00)
Total Receipts	-	500.00	\$ 1,670,221.00	\$ (1,669,721.00)
Expenditures				
General Government				
Personal Services	-	-	\$ 289,946.00	\$ (289,946.00)
Contractual Services	-	413.21	266,616.00	(266,202.79)
Commodities	-	-	1,174,343.00	(1,174,343.00)
Debt Service				
Capital Lease	-	-	60,000.00	(60,000.00)
Total Expenditures	-	413.21	\$ 1,790,905.00	\$ (1,790,491.79)
Receipts Over(Under) Expenditures	-	86.79		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ 86.79		

CITY OF CANEY, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Special Law Enforcement	\$ 2,128.24	\$ 10.00	\$ -	\$ 2,138.24
	<u>\$ 2,128.24</u>	<u>\$ 10.00</u>	<u>\$ -</u>	<u>\$ 2,138.24</u>

CITY OF CANEY, KANSAS

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Provided to Sub Recipients	Receipts	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Passed through the Kansas Department of Commerce					
Community Development Block Grant - Wastewater Improvements	19-PF-012	14.228	\$ -	\$ 113,683.80	\$ 206,309.28
Community Development Block Grant - Neighborhood Center Improvements	19-NC-004	14.228	-	674,885.37	748,224.55
		Total 14.228	-	788,569.17	954,533.83
Total U.S. Department of Housing and Urban Development			-	788,569.17	954,533.83
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Direct Grant					
Water and Waste Disposal Systems for Rural Communities - Loan	N/A	10.760	-	3,434,000.00	1,435,199.19
Water and Waste Disposal Systems for Rural Communities - Grant	N/A	10.760	-	21,005.03	254,000.00
		Total 10.760	-	3,455,005.03	1,689,199.19
Community Facilities Loans and Grants Cluster					
Community Facilities Loans and Grants	N/A	10.766	-	-	50,000.00
Total U.S. Department of Agriculture			-	3,455,005.03	1,739,199.19
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
Passed through Montgomery County, Kansas					
Coronavirus Relief Fund (SPARK)	Not Assigned	21.019	-	205,245.46	205,245.46
Passed through the Kansas Department of Commerce					
Coronavirus Relief Fund (SPARK)	Not Assigned	21.019	-	100,000.00	98,565.11
		Total 21.019	-	305,245.46	303,810.57
Total U.S. Department of the Treasury			-	305,245.46	303,810.57
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Passed through the Office of Kansas Department of Transportation					
Highway Safety Cluster					
State and Community Highway Safety - Click Step	PT-1343-20	20.600	-	1,678.28	1,678.28
Total U.S. Department of Transportation			-	1,678.28	1,678.28

CITY OF CANEY, KANSAS

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Provided to Sub Recipients	Receipts	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Direct Grant					
Provider Relief Fund - COVID-19	N/A	93.498	\$ -	\$ 3,397.56	\$ 2,668.43
Total U.S. Department of Health and Human Services			-	3,397.56	2,668.43
TOTAL FEDERAL AWARDS			\$ -	\$ 4,553,895.50	\$ 3,001,890.30

Notes to the Schedule of Expenditures of Federal Awards:

NOTE A -- BASIS OF PRESENTATION

Federal expenditures are recorded on the accrual basis of accounting, which records expenses when the goods or services are received, and not necessarily when paid.

NOTE B --INDIRECT COST RATE

City of Caney, Kansas did not elect to use the 10% de minimis cost rate.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council
City of Caney, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of City of Caney, Kansas, as of and for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the City of Caney, Kansas' basic financial statement, and have issued our report thereon dated September 7, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City of Caney, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Caney, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Caney, Kansas' internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
September 7, 2021

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council
City of Caney, Kansas

Report on Compliance for Each Major Federal Program

We have audited the City of Caney, Kansas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Caney, Kansas' major federal programs for the year ended December 31, 2020. City of Caney, Kansas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Caney, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
September 7, 2021

CITY OF CANEY, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

I. SUMMARY OF AUDITORS' RESULTS

Financial Statement:

The auditors' report expresses an adverse opinion in accordance with generally accepted accounting principles, on the financial statement of City of Caney, Kansas and an unmodified opinion on the regulatory basis of accounting.

Internal Control over Financial Reporting:

Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified?	_____	Yes	<u> X </u>	None Reported
Non compliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	<u> X </u>	No

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified?	_____	Yes	<u> X </u>	None Reported

The auditors' report on compliance for the major federal award programs for City of Caney, Kansas expresses an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	Yes	<u> X </u>	No
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Identification of major programs:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant – CFDA No. 14.228

U.S. DEPARTMENT OF AGRICULTURE

Water and Waste Disposal Systems for Rural Communities – CFDA No. 10.760

The threshold for distinguishing Types A and B programs was \$750,000.00.

Auditee qualified as a low risk auditee?	_____	Yes	<u> X </u>	No
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II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF CANEY, KANSAS

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

None

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

APPENDIX C

SUMMARY OF FINANCING DOCUMENTS

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

THE NOTE RESOLUTION

DEFINITIONS

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

“**Act**” means the Constitution and statutes of the State, including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123), K.S.A. 10-620 *et seq.* and K.S.A. 12-1736 *et seq.*, all as amended and supplemented.

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

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

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

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

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

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

“**City**” means the City of Caney, Kansas.

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

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

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

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

“**Dated Date**” means January 6, 2022.

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

“**Debt Service Requirements**” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Notes for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded

from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

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

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

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

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

“DTC” means The Depository Trust Company.

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

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

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

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

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

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

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

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

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

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Note which shall be February 15 and August 15 of each year, commencing August 15, 2022.

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

“Issuer” means the City and any successors or assigns.

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

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

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

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

“Note Register” means the books for the registration, transfer and exchange of Notes kept at the office of the Note Registrar.

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

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

“Notes” means the General Obligation Temporary Notes, Series 2022-1, authorized and issued by the Issuer pursuant to the Note Resolution.

“Official Statement” means the Issuer's Official Statement relating to the Notes.

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

- (a) Notes theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Notes deemed to be paid in accordance with the provisions of the Note Resolution; and
- (c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered hereunder.

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

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

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

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer's temporary notes issued pursuant to K.S.A. 10-123 and

amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

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

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

"Rating Agency" means any company, agency or entity that provides ratings for the Notes.

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

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

"Redemption Fund" means the fund by that name created in the Note Resolution.

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

"Refunded Notes" means the Series 2020-1 Notes maturing in the year 2022 in the aggregate principal amount of \$712,000.

"Refunded Notes Paying Agent" means the paying agent for the Refunded Notes as designated in the Refunded Notes Resolution, and any successor or successors at the time acting as paying agent of the Refunded Notes.

"Refunded Notes Redemption Date" means January 6, 2022.

"Refunded Notes Resolution" means the resolution which authorized the Refunded Notes.

"Replacement Notes" means Notes issued to the Beneficial Owners of the Notes in accordance with the Note Resolution.

"Securities Depository" means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

"Series 2020-1 Notes" means the Issuer's General Obligation Temporary Notes, Series 2020-1, dated February 19, 2020.

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

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

"State" means the state of Kansas.

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

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

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

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

ESTABLISHMENT OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF NOTE PROCEEDS

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

- (a) Redemption Fund.
- (b) Debt Service Account.
- (c) Costs of Issuance Account.

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

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

- (a) All accrued interest and excess proceeds, if any, received from the sale of the Notes shall be deposited in the Debt Service Account.
- (b) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Notes shall be deposited in the Redemption Fund.

Application of Moneys in the Redemption Fund. Moneys in the Redemption Fund shall be paid and transferred to the Refunded Notes Paying Agent, with irrevocable instructions to apply such amount to the payment of the Refunded Notes on the Refunded Notes Redemption Date. Any moneys remaining in the Redemption Fund not needed to retire the Refunded Notes shall be transferred to the Debt Service Account.

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

Any moneys or investments remaining in the Debt Service Account after the retirement of the indebtedness for which the Notes were issued shall be transferred and paid into the Bond and Interest Fund.

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

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

DEPOSIT AND INVESTMENT OF MONEYS

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

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

DEFAULT AND REMEDIES

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

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

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

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

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

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

DEFEASANCE

When any or all of the Notes, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Note Resolution and all other rights granted thereby shall terminate with respect to the Notes or scheduled interest payments thereon so paid and discharged. Notes, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Note Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State

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

TAX COVENANTS

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

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

MISCELLANEOUS PROVISIONS

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

Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of Debt Service Requirements on the Notes as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Notes as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Notes when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Notes or of the Note Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Notes then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Note;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Note;
- (c) permit preference or priority of any Note over any other Note; or
- (d) reduce the percentage in principal amount of Notes required for the written consent to any modification or alteration of the provisions of the Note Resolution.

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement the Note Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to conform the Note Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Notices, Consents and Other Instruments by Owners. Any notice, request, complaint, demand or other communication required or desired to be given or filed under the Note Resolution shall be in writing, and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

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

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

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

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**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF CANEY, KANSAS
HELD ON DECEMBER 20, 2021**

The governing body met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit:

THOMAS C. BURK, JR. (Mayor), MARIANNE RANES, LORI PATTERSON,
DAN JOHNSTON, DEBBIE WOOD, KEITH ROGERS, KENITH BUTTS and SHIRLEY DAVIS

Absent: VACANCY IN WARD 2

The Mayor declared that a quorum was present and called the meeting to order.

* * * * *

(Other Proceedings)

The Clerk reported that pursuant to the Notice of Note Sale heretofore duly given, bids for the purchase of General Obligation Temporary Notes, Series 2022-1, dated January 6, 2022, of the City had been received. A tabulation of the bids is set forth as *Exhibit A* hereto.

Pursuant to the authority in Resolution No. 1403, the City Administrator and Mayor reviewed and considered the bids and determined that the bid of NORTHLAND SECURITIES, INC., MINNEAPOLIS, MINNESOTA (a copy of which is attached hereto as *EXHIBIT B*), was the best bid for the Notes, and awarded the sale of the Notes.

There was presented and considered a Resolution entitled:

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2022-1, OF THE CITY OF CANEY, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX, IF NECESSARY, FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID NOTES AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

Councilmember KEITH ROGERS moved that (1) the award of the sale and the Mayor's execution of the bid form selling the Notes to the best bidder be ratified and confirmed the Resolution be adopted, and (2) the Resolution be adopted. The motion was seconded by Councilmember KENITH BUTTS. The motion was carried by the vote of the governing body as follows:

Yea: MARIANNE RANES, LORI PATTERSON, DAN JOHNSTON, DEBBIE WOOD,
KEITH ROGERS, KENITH BUTTS and SHIRLEY DAVIS.

Nay: NONE.

The Mayor declared the Resolution duly adopted and the Resolution was then duly numbered Resolution No. 1405, and was signed by the Mayor and attested by the Clerk.

* * * * *

(Other Proceedings)

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On motion duly made, seconded and carried, the meeting thereupon adjourned.

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the governing body of the City of Caney, Kansas, held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)



Debbie Morrison
Clerk

**EXHIBIT A
BID TABULATION**

**\$740,000 CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES**

Dated: January 6, 2022
Series 2022-1

Sale Date: December 16, 2021
11:00 A.M., Central Time
Max Interest Rate: 4.488%

	Bidders:	Commerce	Northland	Oppenheimer	Central States
		Bank	Securities, Inc.	& Co., Inc.	Capital Markets
Maturity Date	\$740,000 Principal	Bid 1 Interest Rate	Bid 2 Interest Rate	Bid 3 Interest Rate	Bid 4 Interest Rate
15-Feb-24	740,000.00	1.000%	0.550%	1.500%	0.750%
Total Interest Cost:		15,601.67	8,580.92	23,402.50	11,701.25
Less Premium:		357.42	0.00	947.20	0.00
Plus Discount:		0.00	3,892.40	0.00	5,106.00
Net Interest Cost:		15,244.25	12,473.32	22,455.30	16,807.25
Average Net Interest Rate:		0.9771%	0.7995%	1.4393%	1.0773%

EXHIBIT B
(BID OF PURCHASER)

Northland Securities, Inc. - Minneapolis , MN's Bid



**Caney (City)
\$740,000 General Obligation Temporary Notes, Series 2022-1**

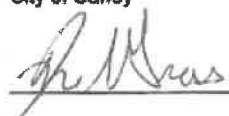

For the aggregate principal amount of \$740,000.00, we will pay you \$736,107.60, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate:

Maturity Date	Amount \$	Coupon %	Yield %	Dollar Price
02/15/2024	740M	0.5500	0.5500	100.000
Total Interest Cost:				\$8,580.92
Discount:				\$3,892.40
Net Interest Cost:				\$12,473.32
NIC:				0.799488
Time Last Bid Received On: 12/16/2021 10:59:46 CST				

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Northland Securities, Inc., Minneapolis , MN
Contact: Dustin Stehr
Title:
Telephone: 414-908-0422
Fax: 414-755-1831

Issuer Name: City of Caney Company Name: Northland Securities, Inc.

Accepted By:  Accepted By: 

Date: 12-16-21 Date: 12-16-21

RESOLUTION NO. 1405

OF

THE CITY OF CANEY, KANSAS

ADOPTED

DECEMBER 20, 2021

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1**

RESOLUTION

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RESOLUTION NO. 1405

A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2022-1, OF THE CITY OF CANEY, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX, IF NECESSARY, FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID NOTES AS THEY BECOME DUE; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.

WHEREAS, the City of Caney, Kansas (the “Issuer”) is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, pursuant to the provisions of the laws of the State of Kansas applicable thereto, by proceedings duly had, the governing body of the Issuer has caused the following improvements (the “Improvements”) to be made in the City, to-wit:

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Estimated Cost</u>
Public building improvements-Grocery Store	1359	12-1736 <i>et seq.</i>	\$697,730

WHEREAS, the governing body of the Issuer is authorized by law to issue general obligation bonds to pay the costs of the Improvements; and

WHEREAS, it is necessary for the Issuer to provide cash funds (from time to time) to meet its obligations incurred in constructing the Improvements prior to the completion thereof and the issuance of the Issuer's general obligation bonds, and it is desirable and in the interest of the Issuer that such funds be raised by the issuance of temporary notes of the Issuer pursuant to the Act; and

WHEREAS, the Issuer has heretofore issued the following temporary notes to temporarily finance a portion of the costs of the Improvements (the “Refunded Notes”):

<u>Series</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>	<u>Redemption Amount</u>	<u>Redemption Date</u>
2020-1	02/19/20	03/01/22	\$1,252,000	\$712,000	\$712,000	01/06/22

WHEREAS, permanent financing for the Improvements will not be completed prior to the maturity date of the Refunded Notes and it is necessary for the Issuer to provide cash funds to meet its obligations on the Refunded Notes by the issuance of additional temporary notes of the Issuer; and

WHEREAS, the Issuer proposes to issue its temporary notes to pay the costs of the Improvements and to retire the Refunded Notes; and

WHEREAS, the governing body of the Issuer has advertised the sale of the Notes on December 16, 2021, and at a meeting held in the City on this date, ratified the award of the sale of such Notes to the best bidder; and

WHEREAS, the governing body of the Issuer hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Notes in the principal amount of \$740,000 to pay the costs of the Improvements refund the Refunded Notes.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF CANEY, KANSAS, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms as used in this Note Resolution shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

“Act” means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, specifically including K.S.A. 10-123, K.S.A. 10-620 *et seq.*, and K.S.A. 12-1736 *et seq.*, all as amended and supplemented from time to time.

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

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

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

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

“Business Day” means a day other than a Saturday, Sunday or holiday on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“Cede & Co.” means Cede & Co., as nominee of DTC.

“City” means the City of Caney, Kansas.

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

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

“Costs of Issuance” means all costs of issuing the Notes, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in

connection with compliance with the Code, and all expenses incurred in connection with receiving ratings on the Notes.

“Costs of Issuance Account” means the Costs of Issuance Account for General Obligation Temporary Notes, Series 2022-1 created pursuant to *Section 501* hereof.

“Dated Date” means January 6, 2022.

“Debt Service Account” means the Debt Service Account for General Obligation Temporary Notes, Series 2022-1 (within the Bond and Interest Fund) created pursuant to *Section 501* hereof.

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

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

“Defeasance Obligations” means any of the following obligations:

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

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

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

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

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

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

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

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

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

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

“DTC Representation Letter” means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides for a book-entry system, or any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.

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

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

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

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

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

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

“Funds and Accounts” means funds and accounts created by or referred to in *Section 501* hereof.

“Improvements” means the improvements referred to in the preamble to this Note Resolution.

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

“Interest Payment Date(s)” means the Stated Maturity of an installment of interest on any Note which shall be February 15 and August 15 of each year, commencing August 15, 2022.

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

“Issuer” means the City and any successors or assigns.

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

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

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

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

“Note Register” means the books for the registration, transfer and exchange of Notes kept at the office of the Note Registrar.

“Note Registrar” means the State Treasurer and its successors and assigns.

“Note Resolution” means this resolution relating to the Notes.

“Notes” means the General Obligation Temporary Notes, Series 2022-1, authorized and issued by the Issuer pursuant to this Note Resolution.

“Notice Address” means with respect to the following entities:

(a) To the Issuer at:

City Hall
100 W. 4th Avenue
Caney, Kansas 67333
Fax: (620) 879-9808

(b) To the Paying Agent at:

State Treasurer of the State of Kansas
Landon Office Building
900 Southwest Jackson, Suite 201
Topeka, Kansas 66612-1235
Fax: (785) 296-6976

(c) To the Purchaser:

Northland Securities, Inc.
45 South 7th Street, Suite 2000
Minneapolis, MN 55402
Fax: (414) 755-1831

(d) To the Rating Agency(ies):

Moody's Municipal Rating Desk
7 World Trade Center
250 Greenwich Street
23rd Floor
New York, New York 10007

S&P Global Ratings, a division of S&P Global Inc.
55 Water Street, 38th Floor
New York, New York 10004

“Notice Representative” means:

- (a) With respect to the Issuer, the Clerk.
- (b) With respect to the Note Registrar and Paying Agent, the Director of Fiscal Services.
- (c) With respect to any Purchaser, the manager of its Municipal Bond Department.
- (d) With respect to any Rating Agency, any Vice President thereof.

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

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

- (a) Notes theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Notes deemed to be paid in accordance with the provisions of *Article VII* hereof; and
- (c) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered hereunder.

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

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

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

“Permitted Investments” shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer’s temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing

time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor's; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by amendments to applicable State law.

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

“Purchase Price” means the principal amount of the Notes plus accrued interest to the date of delivery, less an underwriting discount of \$3,892.40.

“Purchaser” means Northland Securities, Inc., Minneapolis, Minnesota, the original purchaser of the Notes, and any successors and assigns.

“Rating Agency” means any company, agency or entity that provides financial ratings for the Notes.

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

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

“Redemption Fund” means the Redemption Fund for Refunded Notes created pursuant to *Section 501* hereof.

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

“Refunded Notes” means the Series 2020-1 Notes maturing in the year 2022 in the aggregate principal amount of \$712,000.

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

“Refunded Notes Redemption Date” means January 6, 2022.

“Refunded Notes Resolution” means the resolution which authorized the Refunded Notes.

“Replacement Notes” means Notes issued to the Beneficial Owners of the Notes in accordance with *Article II* hereof.

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

“Series 2020-1 Notes” means the Issuer's General Obligation Temporary Notes, Series 2020-1, dated February 19, 2020.

“Special Record Date” means the date fixed by the Paying Agent pursuant to *Article II* hereof for the payment of Defaulted Interest.

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

“State” means the state of Kansas.

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

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

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

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

ARTICLE II

AUTHORIZATION AND DETAILS OF THE NOTES

Section 201. Authorization of the Notes. There shall be issued and hereby are authorized and directed to be issued the General Obligation Temporary Notes, Series 2022-1, of the Issuer in the Principal amount of \$740,000, for the purpose of: (a) providing funds to retire the Refunded Notes; and (b) paying Costs of Issuance.

Section 202. Description of the Notes. The Notes shall consist of fully registered notes in Authorized Denominations, and shall be numbered in such manner as the Note Registrar shall determine.

All of the Notes shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturity, subject to redemption and payment prior to the Stated Maturity as provided in *Article III* hereof, and shall bear interest at the rates per annum as follows:

Stated Maturity	Principal	Annual Rate
<u>February 15</u> 2024	<u>Amount</u> \$740,000	<u>of Interest</u> 0.55%

The Notes shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in *Section 204* hereof.

Each of the Notes, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as *EXHIBIT A* or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

Section 203. Designation of Paying Agent and Note Registrar. The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Note and Note Registrar with respect to the registration, transfer and exchange of Notes. The Mayor of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Note Registrar and Paying Agent for the Notes.

The Issuer will at all times maintain a Paying Agent and Note Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Note Registrar by (a) filing with the Paying Agent or Note Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Note Registrar and appointing a successor, and (b) causing notice of appointment of the successor Paying Agent and Note Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Note Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Note Registrar.

Every Paying Agent or Note Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.

Section 204. Method and Place of Payment of the Notes. The principal of, or Redemption Price, if any, and interest on the Notes shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

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

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Note shall cease to be payable to the Owner of such Note on the relevant Record Date and shall be payable to the Owner in whose name such Note is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment (which date shall be at least 45 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Note entitled to such notice at the address of such Owner as it appears on the Note Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Notes and at least annually shall forward a copy or summary of such records to the Issuer.

Section 205. Payments Due on Saturdays, Sundays and Holidays. In any case where a Note Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Note Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Note Payment Date, and no interest shall accrue for the period after such Note Payment Date.

Section 206. Registration, Transfer and Exchange of Notes. The Issuer covenants that, as long as any of the Notes remain Outstanding, it will cause the Note Register to be kept at the office of the Note Registrar as herein provided. Each Note when issued shall be registered in the name of the Owner thereof on the Note Register.

Notes may be transferred and exchanged only on the Note Register as provided in this Section. Upon surrender of any Note at the principal office of the Note Registrar, the Note Registrar shall transfer or exchange such Note for a new Note or Notes in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Note that was presented for transfer or exchange.

Notes presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Note Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

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

compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Notes.

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

The Issuer and the Paying Agent may deem and treat the Person in whose name any Note is registered on the Note Register as the absolute Owner of such Note, whether such Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Note and for all other purposes. All payments so made to any such Owner or upon the Owner's order shall be valid and effective to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Note Registrar, the Note Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or more in principal amount of the Notes then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Note Registrar.

Section 207. Execution, Registration, Authentication and Delivery of Notes. Each of the Notes, including any Notes issued in exchange or as substitutions for the Notes initially delivered, shall be executed for and on behalf of the Issuer by the manual, electronic or facsimile signature of the Mayor, attested by the manual, electronic or facsimile signature of the Clerk and the seal of the Issuer shall be affixed thereto or imprinted thereon. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Notes in the manner herein specified, and to cause the Notes to be registered in the office of the Clerk, which registration shall be evidenced by the manual, electronic or facsimile signature of the Clerk with the seal of the Issuer affixed thereto or imprinted thereon. The Notes shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual, electronic or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. The Notes shall be countersigned by the manual, electronic or facsimile signature of the Clerk and the seal of the Issuer shall be affixed or imprinted adjacent thereto following registration of the Notes by the Treasurer of the State of Kansas. In case any officer whose signature appears on any Notes ceases to be such officer before the delivery of such Notes, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Note may be signed by such persons who at the actual time of the execution of such Note are the proper officers to sign such Note although at the date of such Note such persons may not have been such officers.

The Mayor and Clerk are hereby authorized and directed to prepare and execute the Notes as herein specified, and when duly executed, to deliver the Notes to the Note Registrar for authentication.

The Notes shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as *EXHIBIT A* hereof, which shall be manually executed by an authorized officer or employee of the Note Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Notes that may be issued hereunder at any one time. No Note shall be entitled to any security or benefit under this Note Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Note Registrar. Such

executed certificate of authentication upon any Note shall be conclusive evidence that such Note has been duly authenticated and delivered under this Note Resolution. Upon authentication, the Note Registrar shall deliver the Notes to the Purchaser upon instructions of the Issuer or its representative.

Section 208. Mutilated, Lost, Stolen or Destroyed Notes. If (a) any mutilated Note is surrendered to the Note Registrar or the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (b) there is delivered to the Issuer and the Note Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Note Registrar that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Note Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer, in its discretion, may pay such Note instead of issuing a new Note.

Upon the issuance of any new Note under this Section, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Note issued pursuant to this Section shall constitute a replacement of the prior obligation of the Issuer, and shall be entitled to all the benefits of this Note Resolution equally and ratably with all other Outstanding Notes.

Section 209. Cancellation and Destruction of Notes Upon Payment. All Notes that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Notes so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

Section 210. Book-Entry Notes; Securities Depository. The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Notes shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Notes, except in the event the Note Registrar issues Replacement Notes as provided in this Section. It is anticipated that during the term of the Notes, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Notes to the Participants until and unless the Note Registrar authenticates and delivers Replacement Notes to the Beneficial Owners as described in the following paragraph.

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

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

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

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

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

Section 211. Nonpresentment of Notes. If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Note Resolution or on, or with respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note becomes due at Maturity, the Paying Agent shall repay, without liability for interest thereon, to the Issuer the funds theretofore held by it for payment of such Note, and such Note shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 212. Preliminary and Final Official Statement. The Preliminary Official Statement dated November 15, 2021, is hereby ratified and approved. The Issuer hereby authorizes and approves the Preliminary Official Statement.

The Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor or chief financial officer of the Issuer are hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the final Official Statement by the Purchaser in connection with the reoffering of the Notes is hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Notes sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 213. Sale of the Notes. The sale of the Notes to the Purchaser and the execution of the official bid form are hereby ratified and confirmed. Delivery of the Notes shall be made to the Purchaser on the Issue Date (which shall be as soon as practicable after the adoption of this Note Resolution), upon payment of the Purchase Price.

ARTICLE III

REDEMPTION OF NOTES

Section 301. Redemption by Issuer.

Optional Redemption. At the option of the Issuer, the Notes will be subject to redemption and payment prior to maturity February 15, 2023, and thereafter, as a whole or in part (selection of the amount of Notes to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the Redemption Date.

Section 302. Selection of Notes to be Redeemed. Notes shall be redeemed only in an Authorized Denomination. When less than all of the Notes are to be redeemed and paid prior to their Stated Maturity, such Notes shall be redeemed in such manner as the Issuer shall determine. Notes of less than a full Stated Maturity shall be selected by the Note Registrar in a minimum Authorized Denomination of principal amount in such equitable manner as the Note Registrar may determine.

In the case of a partial redemption of Notes by lot when Notes of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Note of the denomination of a minimum Authorized Denomination. If it is determined that one or more, but not all, of a minimum Authorized Denomination of face value represented by any Note is selected for redemption, then upon notice of intention to redeem a minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Note to the Note Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of a minimum Authorized Denomination of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Note or Notes of the aggregate principal amount of the unredeemed portion of the principal amount of such Note. If the Owner of any such Note fails to present such Note to the Paying

Agent for payment and exchange as aforesaid, such Note shall, nevertheless, become due and payable on the redemption date to the extent of a minimum Authorized Denomination of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. In the event the Issuer desires to call the Notes for redemption prior to maturity, written notice of such intent shall be provided to the Note Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Note Registrar shall call Notes for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Note Registrar at least 45 days prior to the Redemption Date of written instructions of the Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Notes to be called for redemption. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in this Section are met.

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

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Notes are to be redeemed, the identification (and, in the case of partial redemption of any Notes, the respective principal amounts) of the Notes to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Note or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Notes are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent.

The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Notes or portions of Notes that are to be redeemed on such Redemption Date.

For so long as the Securities Depository is effecting book-entry transfers of the Notes, the Note Registrar shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Note (having been mailed notice from the Note Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Note so affected, shall not affect the validity of the redemption of such Note.

Official notice of redemption having been given as aforesaid, the Notes or portions of Notes to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Notes or portion of Notes shall cease to bear interest. Upon surrender of such Notes for redemption in accordance with such notice, the Redemption Price of such Notes shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Note, there shall be prepared for the Owner a new Note or Notes of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Notes that have been surrendered for redemption shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

In addition to the foregoing notice, further notice may be given by the Issuer or the Note Registrar on behalf of the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed:

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Notes being redeemed; (2) the date of issue of the Notes as originally issued; (3) the rate of interest borne by each Note being redeemed; (4) the maturity date of each Note being redeemed; and (5) any other descriptive information needed to identify accurately the Notes being redeemed.

(b) Each further notice of redemption shall be sent at least one day before the mailing of notice to Owners by first class, registered or certified mail or overnight delivery, as determined by the Note Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Notes and to one or more national information services that disseminate notices of redemption of obligations such as the Notes.

(c) Each check or other transfer of funds issued for the payment of the Redemption Price of Notes being redeemed shall bear or have enclosed the CUSIP number of the Notes being redeemed with the proceeds of such check or other transfer.

The Paying Agent is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Note.

ARTICLE IV

SECURITY FOR NOTES

Section 401. Security for the Notes. The Notes shall be general obligations of the Issuer payable as to both principal and interest from general obligation bonds of the Issuer, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

Section 402. Levy and Collection of Annual Tax. The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Notes as the

same become due, if necessary, by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be deposited in the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Notes as and when the same become due, and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Notes when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF NOTE PROCEEDS

Section 501. Creation of Funds and Accounts. Simultaneously with the issuance of the Notes, there shall be created within the Treasury of the Issuer the following funds and accounts:

- (a) Redemption Fund for Refunded Notes.
- (b) Debt Service Account for General Obligation Temporary Notes, Series 2022-1.
- (c) Costs of Issuance Account for General Obligation Temporary Notes, Series 2022-1.

The Funds and Accounts established herein shall be administered in accordance with the provisions of this Note Resolution so long as the Notes are Outstanding.

Section 502. Deposit of Note Proceeds. The net proceeds received from the sale of the Notes shall be deposited simultaneously with the delivery of the Notes as follows:

- (a) All accrued interest and excess proceeds, if any, received from the sale of the Notes shall be deposited in the Debt Service Account.
- (b) An amount necessary to pay the Costs of Issuance shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Notes shall be deposited in the Redemption Fund.

Section 503. Application of Moneys in the Redemption Fund. Moneys in the Redemption Fund shall be paid and transferred to the Refunded Notes Paying Agent, with irrevocable instructions to apply such amount to the payment of the Refunded Notes on the Refunded Notes Redemption Date. The Clerk is authorized and instructed to provide appropriate notice of redemption in accordance with the Refunded Notes Resolution authorizing the issuance of such Refunded Notes. Any moneys remaining in

the Redemption Fund not needed to retire the Refunded Notes shall be transferred to the Debt Service Account.

Section 504. Application of Moneys in Debt Service Account. All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Notes as and when the same become due and the usual and customary fees and expenses of the Note Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Notes and the fees and expenses of the Note Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent, if other than the Issuer, in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Note Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Notes are no longer entitled to enforce payment of the Notes or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Note Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Notes entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account after the retirement of the indebtedness for which the Notes were issued shall be transferred and paid into the Bond and Interest Fund.

Section 505. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the Issuer; or (b) if no such entity has a main or branch office located in the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositories shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

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

Section 506. Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than the later of 90 days after the issuance of the Notes, shall be transferred to the Debt Service Account.

ARTICLE VI

DEFAULT AND REMEDIES

Section 601. Remedies. The provisions of the Note Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer and the Owners of the Notes. If

an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Notes at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Notes similarly situated:

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

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

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

Section 602. Limitation on Rights of Owners. The covenants and agreements of the Issuer contained herein and in the Notes shall be for the equal benefit, protection, and security of the Owners of any or all of the Notes, all of which Notes shall be of equal rank and without preference or priority of one Note over any other Note in the application of the funds herein pledged to the payment of the principal of and the interest on the Notes, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Note Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Notes.

Section 603. Remedies Cumulative. No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Owner of any Note shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Notes by this Note Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the Issuer and the Owners of the Notes shall, subject to any determination in such action or proceeding or applicable law of the State, be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Notes, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Note Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Notes or scheduled interest payments thereon so paid and discharged.

Notes, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Note Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Notes or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of or Redemption Price of said Notes and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Notes, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Notes, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Note Registrar to give such notice of redemption in compliance with *Article III*. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Notes, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Notes, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Note Resolution.

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants. The Issuer covenants and agrees that: it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Notes; and (b) all provisions and requirements of the Federal Tax Certificate. The Mayor and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Notes will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Section 802. Survival of Covenants. The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Notes pursuant to *Article VII* hereof or any other provision of this Note Resolution until such time as is set forth in the Federal Tax Certificate.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 901. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Notes, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same,

a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner. As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Note Resolution, the Issuer shall promptly cure such deficiency.

Section 902. Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Notes or of this Note Resolution, may be amended or modified at any time in any respect by resolution or ordinance of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Notes then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) Extend the maturity of any payment of principal or interest due upon any Note;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Note;
- (c) permit preference or priority of any Note over any other Note; or
- (d) reduce the percentage in principal amount of Notes required for the written consent to any modification or alteration of the provisions of this Note Resolution.

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

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Note Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to conform this Note Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Notes or of this Note Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution or ordinance adopted by the governing body of the Issuer amending or supplementing the provisions of this Note Resolution and shall be deemed to be a part of this Note Resolution. A certified copy of every such amendatory or supplemental resolution or ordinance, if any, and a certified copy of this Note Resolution shall always be kept on file in the office of the Clerk, and shall be made available for inspection by the Owner of any Note or a prospective purchaser or owner of any Note authorized by this Note Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental resolution or ordinance or of this Note Resolution will be sent by the Clerk to any such Owner or prospective Owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Clerk a copy of the resolution or ordinance of the Issuer hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Owners of the Notes then Outstanding. It shall not be necessary to note on any of the Outstanding Notes any reference to such amendment or modification.

The Issuer shall furnish to the Paying Agent a copy of any amendment to the Notes or this Note Resolution which affects the duties or obligations of the Paying Agent under this Note Resolution.

Section 903. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Notes, if made in the following manner, shall be sufficient for any of the purposes of this Note Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Notes, the amount or amounts, numbers and other identification of Notes, and the date of holding the same shall be proved by the Note Register.

In determining whether the Owners of the requisite principal amount of Notes Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Note Resolution, Notes owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Note Resolution, except that, in determining whether the Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Notes so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Owners the pledgee's right so to act with respect to such Notes and that the pledgee is not the Issuer.

Section 904. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Note Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

Section 905. Electronic Transactions. The transactions described in this Note Resolution may be conducted, and documents related to the Notes may be sent, received, executed, and stored, by electronic means or transmissions. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic means or transmissions) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 906. Further Authority. The officers and officials of the Issuer, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may

deem necessary or advisable in order to carry out and perform the purposes of this Note Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 907. Severability. If any section or other part of this Note Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Note Resolution.

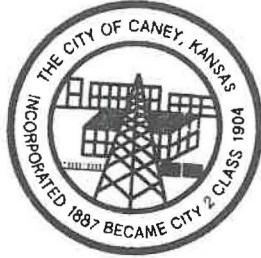
Section 908. Governing Law. This Note Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 909. Effective Date. This Note Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

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ADOPTED by the governing body of the Issuer on December 20, 2021.

(SEAL)



ATTEST:


Mayor


Clerk

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Note Resolution of the Issuer adopted by the governing body on December 20, 2021, as the same appears of record in my office.

DATED: December 20, 2021.


Clerk

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**EXHIBIT A
(FORM OF NOTES)**

**REGISTERED
NUMBER _____**

**REGISTERED
\$**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF MONTGOMERY
CITY OF CANEY
GENERAL OBLIGATION TEMPORARY NOTE
SERIES 2022-1**

Interest Rate:	Maturity Date:	Dated Date: January 6, 2022	CUSIP:
---------------------------	---------------------------	--	---------------

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Caney, in the County of Montgomery, State of Kansas (the “Issuer”), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on February 15 and August 15 of each year, commencing August 15, 2022 (the “Interest Payment Dates”), at maturity or earlier redemption until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Note shall be paid at maturity or upon earlier redemption to the person in whose name this Note is registered at the maturity or redemption date thereof, upon presentation and surrender of this Note at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Note Registrar”). The interest payable on this Note on any Interest Payment Date shall be paid to the person in whose name this Note is registered on the registration books maintained by the Note Registrar at the close of business on the Record Date(s) for such interest, which shall be the 1st day (whether or not a business day) of the calendar month of such Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Note Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer to such Owner upon written notice given to the Note Registrar by such Registered Owner, not less than 15

days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Notes shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Note Resolution.

Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Note Resolution.

Authorization of Notes. This Note is one of an authorized series of Notes of the Issuer designated “General Obligation Temporary Notes, Series 2022-1,” aggregating the principal amount of \$740,000 (the “Notes”) issued for the purposes set forth in the Resolution of the Issuer authorizing the issuance of the Notes (the “Note Resolution”). The Notes are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-123 and K.S.A. 12-1736 *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

General Obligations. The Notes constitute general obligations of the Issuer payable as to both principal and interest from the proceeds of general obligation bonds of the Issuer, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby pledged for the payment of the principal of and interest on this Note and the issue of which it is a part as the same respectively become due.

Redemption Prior to Maturity. The Notes are subject to redemption prior to maturity as set forth in the Note Resolution.

Book-Entry System. The Notes are being issued by means of a book-entry system with no physical distribution of note certificates to be made except as provided in the Note Resolution. One Note certificate with respect to each date on which the Notes are stated to mature or with respect to each form of Notes, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Notes by the Securities Depository's participants, beneficial ownership of the Notes in Authorized Denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Note Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Note, as the owner of this Note for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Note, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Notes by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Note Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Note, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Note shall be made in accordance with existing arrangements among the Issuer, the Note Registrar and the Securities Depository.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE NOTE RESOLUTION, THIS GLOBAL NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of a series of General Obligation Temporary Notes, Series 2022-1, of the City of Caney, Kansas, described in the within-mentioned Note Resolution.

Registration Date: _____

Office of the State Treasurer,
Topeka, Kansas,
as Note Registrar and Paying Agent

By: _____

Registration Number: 0117-063-010622-452

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Notes:

GILMORE & BELL, P.C.
Attorneys at Law
100 N. Main Suite 800
Wichita, Kansas 67202

(PRINTED LEGAL OPINION)

NOTE ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identification No.)

the Note to which this assignment is affixed in the outstanding principal amount of \$_____, standing in the name of the undersigned on the books of the Note Registrar. The undersigned do(es) hereby irrevocably constitute and appoint _____ as agent to transfer said Note on the books of said Note Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or
Taxpayer Identification No.

Signature (Sign here exactly as name(s)
appear on the face of Certificate)

Signature guarantee:

By _____

CERTIFICATE OF CLERK

STATE OF KANSAS)
) SS.
COUNTY OF MONTGOMERY)

The undersigned, Clerk of the City of Caney, Kansas, does hereby certify that the within Note has been duly registered in my office according to law as of January 6, 2022.

WITNESS my hand and official seal.

(Facsimile Seal)

(facsimile)
Clerk

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

LYNN W. ROGERS, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Note has been filed in the office of the State Treasurer, and that this Note was registered in such office according to law on _____.

WITNESS my hand and official seal.

(Facsimile Seal)

By: _____ (facsimile)
Treasurer of the State of Kansas

TRANSCRIPT CERTIFICATE

\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1
DATED JANUARY 6, 2022

The undersigned Mayor and Clerk of the City of Caney, Kansas (the "Issuer"), do hereby make this certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described notes (the "Notes"); and do hereby certify as of December 20, 2021, as follows:

1. Meaning of Words and Terms. Capitalized words and terms used herein, unless otherwise defined herein or the context requires otherwise, shall have the same meanings ascribed to such words and terms in the hereinafter defined Note Resolution authorizing the Notes.

2. Organization. The Issuer is a legally constituted city of the second class organized and existing under the laws of the State of Kansas.

3. Transcript of Proceedings. The transcript of proceedings (the "Transcript") relating to the authorization and issuance of the Notes is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript, and the facts stated in the Transcript still exist. In each and every instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk.

4. Newspaper. The *Montgomery County Chronicle* was the official newspaper of the Issuer at all times during these proceedings.

5. Meetings. All of the meetings of the governing body of the Issuer at which action was taken as shown in the Transcript were either regular meetings or duly adjourned regular meetings or special meetings duly called and held in accordance with law and the ordinances and rules of the Issuer.

6. Incumbency of Officers. The following named persons were and are the duly qualified and acting officers of the Issuer at and during all the times when action was taken as indicated in the Transcript as follows:

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>
<i>Current</i>		
Thomas C. Burk Jr.	Mayor	01/2018 to 01/2022
Dan Johnston	Councilmember	02/2009 to 01/2022
Marianne Carey-Ranes	Councilmember	01/2019 to 01/2023
Kenith Butts	Councilmember	04/2015 to 01/2022
Lori Patterson	Councilmember	01/2018 to 01/2022
Debbie Wood	Councilmember	01/2017 to 01/2023
Shirley Davis	Councilmember	02/2019 to 01/2023
Keith Rogers	Councilmember	06/2016 to 01/2022

Kenith Butts	Councilmember	01/2022 to 01/2023
Debbie Morrison	Clerk	11/2013 to DATE
<i>Prior</i>		
Aaron Elliott	Councilmember	01/2019 to 12/20/2019
Ralph Anthony	Councilmember	01/2019 to 01/2021

7. **Execution of Notes.** The Notes have been executed with manual or facsimile signatures; and the manual or facsimile signatures appearing on the face of the Notes are manual or facsimiles of the true and genuine signatures of the Mayor and Clerk of the Issuer. Each signature has either been duly filed in the office of the Secretary of State of Kansas pursuant to K.S.A. 75-4001 *et seq* or executed in accordance with K.S.A. 16-1601 *et seq*. A facsimile of the seal of the Issuer is affixed to or imprinted on each of the Notes and on the reverse side of each of the Notes at the place where the Clerk has executed by facsimile signature the Certificate of Registration; and each Notes bears a Certificate of Registration evidencing the fact that it has been registered in the office of the Clerk. A true impression of the seal is set forth adjacent to the signature of the Clerk below. The specimen note included in the Transcript is in the form adopted by the governing body of the Issuer for the Notes.

8. **Authorization and Purpose of the Notes.** The Notes are being issued pursuant to Resolution No. 1405 (the "Note Resolution") of the Issuer pursuant to K.S.A. 10-123 for the purpose of retiring on January 6, 2022, the following temporary notes of the Issuer, issued to temporarily finance the Improvements (the "Refunded Notes"):

<i>Description</i>	<i>Series</i>	<i>Dated Date</i>	<i>Maturity Date</i>	<i>Amount</i>
G.O. Temporary Notes	2020-1	February 19, 2020	March 1, 2022	\$712,000

The total principal amount of the Notes does not exceed the cost of the Improvements for which the Notes are issued. A Statement of Cost is attached hereto as *Exhibit A* and made a part hereof by reference as though fully set out herein.

The interest rates on the Notes on the date of the sale of the Notes were within the maximum legal limit for interest rates under K.S.A. 10-1009, as amended.

9. **Indebtedness.** The currently outstanding applicable indebtedness of the Issuer, including the Notes, does not exceed any applicable constitutional or statutory limitations. A Schedule of Bonded Indebtedness, which sets forth all currently outstanding general obligation indebtedness of the Issuer, is attached hereto as *Exhibit B* and made a part hereof by reference as though fully set out herein.

10. **Valuation.** The total assessed valuation of the taxable tangible property within the Issuer for the year 2021, is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property	\$8,625,826
Tangible Valuation of Motor Vehicles (2020)	<u>1,383,515</u>
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations.....	\$10,009,341

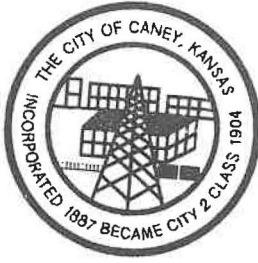
11. **Non-litigation.** There is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its

officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Notes shown to be authorized in the Transcript; (e) the validity of the Notes, or any of the proceedings had in relation to the authorization, issuance or sale thereof; or (f) the levy and collection of a tax to pay the principal of and interest on the Notes.

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WITNESS our true and genuine manual signatures and the seal of the Issuer.

(SEAL)





Mayor



Clerk

EXHIBIT A

STATEMENT OF COST

Re: General Obligation Temporary Notes, Series 2022-1, Dated January 6, 2022, of the
City of Caney, Kansas

Sources of Funds:

Principal Amount of the Notes	\$740,000.00
Underwriter's Discount	<u>-3,892.40</u>
<i>Total</i>	<i>\$736,107.60</i>

Uses of Funds:

Deposit to Redemption Fund	\$714,768.89
Costs of Issuance	<u>21,338.71</u>
<i>Total</i>	<i>\$736,107.60</i>

EXHIBIT B

CITY OF CANEY, KANSAS

**SCHEDULE OF OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS
(as of January 6, 2022)**

GENERAL OBLIGATION BONDS

Description of Indebtedness	Dated Date	Final Maturity	Original Principal Amount	Amount Outstanding	Exempt From Debt Limit
G.O. Bonds, Series 2020-A	06/24/2020	06/24/2060	\$ 540,000	\$ 529,780	\$529,780
G.O. Bonds, Series 2020-B	06/24/2020	06/24/2060	2,741,000	2,689,128	2,689,128
G.O. Bonds, Series 2020-C	06/24/2020	06/24/2060	693,000	679,885	679,885
G.O. Refunding and Improvement Bonds, Series 2020-D	09/01/2020	12/01/2040	2,710,000	<u>2,450,000</u>	<u>1,353,618</u>
	Total			\$6,348,793	\$5,252,411

TEMPORARY NOTES

Description of Indebtedness	Dated Date	Final Maturity	Original Principal Amount	Amount Outstanding	Exempt From Debt Limit
G.O. Temporary Notes, Series 2020-1	02/19/2020	03/01/2022	\$1,252,000	\$ 0	\$0
G.O. Temporary Notes, Series 2022-1	01/06/2022	02/15/2024	740,000	<u>740,000</u>	<u>0</u>
	Total			\$740,000	\$0

¹ Excludes Refunded Notes

STATE OF KANSAS
OFFICE OF SECRETARY OF STATE

I, KRIS W. KOBACH, Kansas Secretary of State, certify that the records of this office reveal the following:

The Certificate of Manual Signature for

THOMAS BURK JR., MAYOR

CITY OF CANEY, KANSAS

was filed in this office the 27th day of February, A.D. 2018

as provided by K.S.A. 75-4001 through 75-4007.

IN TESTIMONY WHEREOF:

I hereto set my hand and cause to
be affixed my official seal. Done
at the City of Topeka, this
27th day of February, A.D. 2018



A handwritten signature in cursive script that reads "Kris W. Kobach".

KRIS W. KOBACH
KANSAS SECRETARY OF STATE

STATE OF KANSAS
OFFICE OF SECRETARY OF STATE

I, KRIS W. KOBACH, Kansas Secretary of State, certify that the records of this office reveal the following:

The Certificate of Manual Signature for

DEBBIE MORRISON, CLERK

CITY OF CANEY, KANSAS

was filed in this office the 27th day of February, A.D. 2018

as provided by K.S.A. 75-4001 through 75-4007.

IN TESTIMONY WHEREOF:

I hereto set my hand and cause to
be affixed my official seal. Done
at the City of Topeka, this
27th day of February, A.D. 2018



A handwritten signature in cursive script that reads "Kris W. Kobach".

KRIS W. KOBACH
KANSAS SECRETARY OF STATE

Dunlap, Robyn (G&B)

From: bond.newissues@treasurer.ks.gov
Sent: Wednesday, December 22, 2021 10:32 AM
To: Dunlap, Robyn (G&B)
Subject: Bondreg: Updated Bond Registration

December 22, 2021, 10:31:43

This bond issue has been updated in the KST Bond Registration System. Below is the updated information:

Registration #: 0117-063-010622-452
Municipality: Caney
Bond Counsel: Gilmore Bell: Robyn Dunlap
Paying Agent: State
Purpose & Series: General Obligation Temporary Notes, Series 2022-1 Book Entry: Yes
Principal: \$740,000.00
Closing Date: January 6, 2022

The issue was updated by Gina Clement.

Office of the Kansas State Treasurer

Bond Registration Intranet

900 SW Jackson St., Ste 201 ... Topeka, KS 66612-1235 ... 785-296-3171

December 22, 2021

Robyn Dunlap
Gilmore & Bell Pc
100 North Main, Suite 800
Wichita, KS 67202

RE: \$740,000.00, City of Caney, Kansas
General Obligation Temporary Notes, Series 2022-1
Dated January 06, 2022, Registration #0117-063-010622-452

Dear Ms. Dunlap,

This office has been requested to authorize the printing of the State Treasurer's facsimile signature and seal on the above referenced issue. The registration number has been confirmed as correct.

Authorization hereby granted December 22, 2021.

Sincerely,



Shauna Wake, M.B.A.
Director of Fiscal Services
Office of the Kansas State Treasurer

cc Robyn Dunlap
Gilmore & Bell Pc
100 North Main, Suite 800
Wichita, KS 67202

G.C.

REGISTERED
NUMBER

R-1

UNITED STATES OF AMERICA
STATE OF KANSAS – COUNTY OF MONTGOMERY
CITY OF CANEY
GENERAL OBLIGATION TEMPORARY NOTE
SERIES 2022-1

REGISTERED
DOLLARS

\$740,000.00

Interest
Rate: 0.55%

Maturity
Date: February 15, 2024

Dated
Date: January 6, 2022

CUSIP:
13752N CM 2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: SEVEN HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Caney, in the County of Montgomery, State of Kansas (the "Issuer"), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on February 15 and August 15 of each year, commencing August 15, 2022 (the "Interest Payment Dates"), at maturity or earlier redemption until the Principal Amount has been paid.

Method and Place of Payment. The principal or redemption price of this Note shall be paid at maturity or upon earlier redemption to the person in whose name this Note is registered at the maturity or redemption date thereof, upon presentation and surrender of this Note at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Note Registrar"). The interest payable on this Note on any Interest Payment Date shall be paid to the person in whose name this Note is registered on the registration books maintained by the Note Registrar at the close of business on the Record Date(s) for such interest, which shall be the 1st day (whether or not a business day) of the calendar month of such Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Note Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Notes, by electronic transfer to such Owner upon written notice given to the Note Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Notes shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Note Resolution.

Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Note Resolution.

ADDITIONAL PROVISIONS OF THIS NOTE ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

Authentication. This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Note Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Note Registrar.

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Note have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of notes, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed by the manual, electronic or facsimile signature of its Mayor and attested by the manual, electronic or facsimile signature of its Clerk, and its seal to be affixed hereto or imprinted hereon.

CITY OF CANEY, KANSAS

Attest:

*Thomas C. D...
Mayor*

By *Abbie Morrison
Clerk*

This General Obligation Temporary Note shall not be negotiable unless and until countersigned below following registration by the Treasurer of the State of Kansas.

By *Abbie Morrison
Clerk*

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of a series of General Obligation Temporary Notes, Series 2022-1, of the City of Caney, Kansas, described in the within-mentioned Note Resolution.

Registration Date _____

Office of the State Treasurer, Topeka, Kansas
as Note Registrar and Paying Agent

By _____

Registration Number: 0117-063-01062-142



ADDITIONAL PROVISIONS

Authorization of Notes. This Note is one of an authorized series of Notes of the Issuer designated "General Obligation Temporary Notes, Series 2022-1," aggregating the principal amount of \$740,000 (the "Notes") issued for the purposes set forth in the Resolution of the Issuer authorizing the issuance of the Notes (the "Note Resolution").

General Obligations. The Notes constitute general obligations of the Issuer payable as to both principal and interest from the proceeds of general obligation bonds of the Issuer, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer.

Redemption Prior to Maturity. The Notes are subject to redemption prior to maturity as set forth in the Note Resolution.

Book-Entry System. The Notes are being issued by means of a book-entry system with no physical distribution of note certificates to be made except as provided in the Note Resolution. One Note certificate with respect to each date on which the Notes are stated to mature or with respect to each form of Notes, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody.

owners of the Notes by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Note Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants.

Transfer and Exchange. EXCEPT AS OTHERWISE PROVIDED IN THE NOTE RESOLUTION, THIS GLOBAL NOTE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY. This Note may be transferred or exchanged, as provided in the Note Resolution, only on the Note Register kept for that purpose at the principal office of the Note Registrar, upon surrender of this Note together with a written instrument of transfer or authorization for exchange satisfactory to the Note Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Note or Notes in any Authorized Denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Note Resolution and upon payment of the charges therein prescribed.

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Notes.

taxable tangible property, real and personal, within the territorial limits of the Issuer. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent that necessary funds are not provided from other sources.

GILMORE & BELL, P.C.
Attorneys at Law
100 N. Main, Suite 800
Wichita, Kansas 67202

Governing Body: Northland Securities, Inc.
City of Caney, Kansas: Minneapolis, Minnesota

Re: \$740,000 General Obligation Temporary Notes, Series 2022-1, of the City of Caney, Kansas, Dated January 6, 2022

We have acted as Bond Counsel in connection with the issuance by the City of Caney, Kansas (the "Issuer"), of the above-captioned notes (the "Notes"). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

3. The interest on the Notes is: (a) excludable from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes.

4. The interest on the Notes is exempt from income taxation by the State of Kansas.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth in this opinion.

The rights of the owners of the Notes and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

GILMORE & BELL, P.C.

NOTE ASSIGNMENT

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identification No.)

the Note to which this assignment is affixed is the outstanding principal amount of \$ _____, standing in the name of the undersigned on the books of the Note Registrar. The undersigned do(es) hereby irrevocably constitute and appoint _____ as agent to transfer said Note on the books of said Note Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or Taxpayer Identification No.

Signature (Sign here exactly as name(s) appear on the face of Certificate)

Signature guarantee:

By _____

CERTIFICATE OF CLERK

STATE OF KANSAS)
) SS.
COUNTY OF MONTGOMERY)

The undersigned, Clerk of the City of Caney, Kansas, do hereby certify that the within Note has been duly registered in my office according to law on January 6, 2022.

WITNESS my hand and official seal.



Jobbie Morrison
Clerk

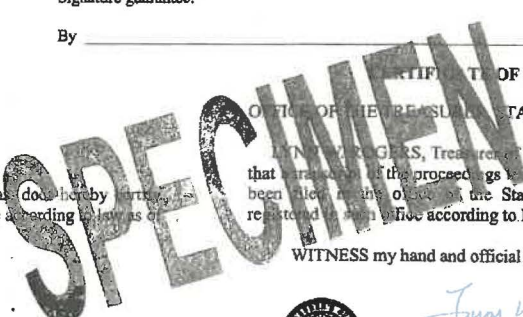
CERTIFICATE OF STATE TREASURER
OFFICE OF THE TREASURER, STATE OF KANSAS

JENNIFER GREGGERS, Treasurer of the State of Kansas, does hereby certify that a true and correct copy of the proceedings leading up to the issuance of this Note has been filed in the office of the State Treasurer, and that this Note was registered in my office according to law on January 6, 2022.

WITNESS my hand and official seal.



Jynn W. Regan
Treasurer of the State of Kansas



PRINTER'S CERTIFICATE

This will certify that Gilmore & Bell, P.C., Wichita, Kansas has printed and delivered a registered note for:

CITY OF CANEY, KANSAS
General Obligation Temporary Notes
Series 2022-1

These Notes were delivered as one piece numbered R-1.

All spoilage and press proofs needed in our manufacture have been destroyed.

GILMORE & BELL, P.C.

By 
Robyn R. Dunlap, Legal Practice Coordinator

AGREEMENT BETWEEN ISSUER AND AGENT

\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1
DATED JANUARY 6, 2022

THIS AGREEMENT, dated as of January 6, 2022, between the City of Caney, Kansas, a municipality (the “Issuer”), and the State Treasurer of Kansas, as Agent (the “Agent”).

WHEREAS, for its lawful purposes, the Issuer has duly authorized the issue of the above-captioned notes (the “Securities”), and the Issuer wishes the Agent to act as its Paying Agent, Note Registrar, and Transfer Agent for the Securities:

Now, therefore, it is hereby agreed as follows:

I. APPOINTMENT

Issuer hereby appoints or has heretofore appointed the State Treasurer of Kansas to act as Paying Agent, Note Registrar and Transfer Agent for the Securities. The State Treasurer of Kansas hereby accepts its appointment as the Paying Agent, Note Registrar and Transfer Agent.

II. BASIC DUTIES

- A. Issuer or its duly authorized representative agrees to furnish Agent the name(s) and address(es) of the initial registered owner(s) of the Securities together with such registered owners' tax identification (social security) number(s), the maturity date(s), denomination(s) and interest rate(s) for each Security.
- B. Agent shall manually authenticate the originally issued Securities upon the written order of one or more authorized officers of Issuer. Thereafter, Agent shall manually authenticate all Securities resulting from transfer or exchange of Securities.
- C. Agent shall maintain an office in the City of Topeka, Kansas, where Securities may be presented for registration, transfer and exchange; and shall also maintain an office in the City of Topeka, Kansas, where Securities may be presented for payment. Agent shall keep a register of the Securities and their transfer and exchange.
- D. Agent may rely upon any document believed by it to be genuine and to have been signed or presented by the proper person. Agent need not investigate any fact or matter stated in the document. Agent undertakes to perform such duties and only such duties set forth in K.S.A. 10-620 *et seq.*, except as specifically provided in this Agreement.

Agent shall notify the owners of the Securities upon default in payment of principal or interest on the Securities and the Agent shall have no duties or responsibilities thereafter.

III. COMPENSATION

Issuer covenants and agrees to pay to Agent, as reasonable compensation for the services provided as Agent, a registration fee of \$30, plus a fee of \$600.

This amount will be due at the time of registration unless such fee is to be paid from the proceeds of the note issue in which case Issuer agrees to pay such fee within two (2) business days of the closing of the note issue. In addition to the aforementioned fee, Issuer covenants and agrees to pay to Agent the fee as stated and required by K.S.A. 10-505 for performing the duties of paying the principal of the Securities.

IV. STANDARD OF PERFORMANCE

Issuer shall provide, or shall cause to be provided to Agent, a designation of whether its Securities are to be issued in certificated or uncertificated form, or both.

A. STATEMENTS OF OWNERSHIP

Agent agrees to provide Statements of Ownership to the owner of uncertificated Securities. Such Statements shall be in accordance with the standards set forth by the Attorney General. All Statements shall be issued in the denominations of \$1,000 or \$5,000 or integral multiples thereof except for one additional Security in another denomination, which additional Security shall mature in the initial maturity year of the series of the Securities. Interest is computed on the basis of \$1,000 or \$5,000 units and in all transactions involving the payment of interest, fractions of a cent equaling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Agent shall at all times maintain an adequate supply of Statements of Ownership for any anticipated transfers or exchanges of the Statements.

B. CERTIFICATED SECURITIES

All certificated Securities issued by Issuer under this Agreement shall be in accordance with the standards set forth by the Attorney General and unless otherwise authorized by Agent, the principal thereof shall be payable only upon surrender of the Security to Agent. All certificates shall be issued in the denomination of \$1,000 or \$5,000 or integral multiples thereof except one authorized Security in another denomination which additional Security shall mature in the initial maturity year of the series of Securities. Interest is computed on the basis of \$1,000 or \$5,000 units and in all transactions involving the payment of interest, fractions of a cent equaling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Issuer shall at Issuer's cost provide Agent with an adequate supply of certificates for any anticipated transfers or exchanges of the certificates. Issuer shall be responsible for the payment of the printing or other expenses for such certificates. Issuer shall be responsible for obtaining appropriate "CUSIP" number(s) and shall notify Agent of each number(s) prior to the issuance of the applicable Securities.

C. INTEREST CALCULATIONS

Agent shall calculate interest on the basis of \$1,000 and \$5,000 units, or in the case of one odd denomination, calculate the unit separately. Each intermediate unit calculation is first determined, then rounded to the sixth decimal position; i.e. whenever the seventh decimal place is equal to or greater than five the sixth decimal place is increased by one. The final

per unit calculation is subsequently rounded to two decimal positions. (See Attachment "A" for sample calculation.)

D. SURRENDER

Securities surrendered for payment, cancellation or partial redemption shall be cancelled by Agent and returned to Issuer in accordance with K.S.A. 10-111.

E. TRANSFERS AND EXCHANGES

1. When Securities are presented to Agent for transfer or exchange, Agent shall so transfer or exchange such Securities if the requirements of Section 8-401(1) of the Uniform Commercial Code are met.
2. In accordance with the authorizing Resolution of the Issuer (the "Note Resolution"), payments of interest shall be made to the owner of record of each Security as of the close of business on the fifteenth day of the month preceding each interest payment date. The Agent shall make such payments to the record owner of each Security as set forth on the registration books maintained by Agent as of such date.
3. Agent shall not be required to transfer or exchange any Security during a period beginning on the day following the fifteenth day of the month preceding any interest payment date for such Securities and ending at the close of business on the interest payment date, or to transfer or exchange any Security selected or called for redemption in whole or in part subsequent to the date notice of such redemption is given in accordance with the Note Resolution authorizing the Securities.

F. REGISTRATION DATES AND FUNDS FOR PAYMENTS

Date of Registration shall be affixed on the initial Securities. Subsequent transfers or exchanges shall bear a Date of Registration as of the date that all the required documentation is received at the Agent's official place of business. Issuer will provide funds to make any interest or principal payments in accordance with K.S.A. 10-130 and amendments thereto. Agent is hereby authorized to effect any semiannual payment of interest or any principal by charging the Issuer's Fiscal Agency account with Agent.

G. REPLACEMENT OF SECURITIES

If the owner of a Security claims that a Security has been lost, destroyed or wrongfully taken, Issuer shall issue and Agent shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met. Only Agent shall perform this function. An indemnity bond and affidavit of loss shall be provided to Agent and Issuer at the expense of the owner of the Security. Such indemnity bond and affidavit of loss must be sufficient in the judgment of Issuer and Agent to protect Issuer and Agent from any loss which any of them may suffer if the Security is replaced. Issuer may charge the Security owner for its expenses in the replacement of a Security.

H. REDEMPTIONS

Optional Redemption. If any Securities are to be redeemed pursuant to an optional redemption in accordance with their terms, Issuer agrees to give Agent at least fifteen (15) days written notice thereof prior to the notice to be given the Security owners. If there is no provision for notice to the Security owners, Issuer agrees to give at least thirty (30) days written notice to Agent.

Notice of Redemption. Agent shall then notify, by ordinary mail, the owner of such Securities to be so redeemed. Agent shall select the Securities to be so redeemed. Agent shall not be required to exchange or register a transfer of any Security for a period of fifteen (15) days preceding the date notice is to be provided to the Security owners for the purpose of selecting Securities on a partial redemption. Further, in the event notice is given to Agent for a complete redemption of the Issue according to the terms of the Note Resolution, Agent shall not be required to transfer or exchange any Security beginning on the day following the 15th day preceding the date set for redemption.

I. MISCELLANEOUS

Agent hereby acknowledges receipt of numbered Securities of Issuer (in a number equal to one Security for each maturity) for registration and exchange, and shall safeguard any "blank" Securities held for purpose of exchange or transfer.

J. REPORTS

Agent shall provide Issuer an annual report of the activity with respect to the issuance of Securities upon written request of Issuer.

K. CONSTRUCTION

This Agreement shall be construed in accordance with the laws of the State of Kansas and also the Note Resolution.

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CITY OF CANEY, KANSAS

(SEAL)

ATTEST:



By

Mayor

By

Clerk

**OFFICE OF THE TREASURER
OF THE STATE OF KANSAS**



By

Director of Fiscal Services

ATTACHMENT "A"

SAMPLE

$$\begin{array}{r} \$5,000.00000 \dots\dots\dots \text{Bond Unit} \\ \times \quad \underline{.06875 \dots\dots\dots \text{Interest Rate}} \\ = \quad 343.750000 \quad \text{Rounded to six decimal places} \\ \\ / \quad \underline{360 \dots\dots\dots \text{Days per year}} \\ = \quad .954861 \quad \text{Rounded to six decimal places} \\ \\ \times \quad \underline{180 \dots\dots\dots \text{Day in interest period}} \\ = \quad 171.874980 \quad \text{(Rounded to second decimal = \$171.87)} \end{array}$$

Unit interest is then multiplied by the number of units in the maturity.

The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

CITY OF CANEY, KANSAS

(Name of Issuer and Co-Issuer(s), if applicable)

August 17, 2020

(Date)

The Depository Trust Company
18301 Bermuda Green Drive
Tampa, FL 33647
Attention: Underwriting Department

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: ~~(Note: Issuer shall represent one and cross out the other.)~~

~~(Issuer)~~ [formed under the laws of] _____ the State of Kansas

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

City of Caney, Kansas

(Issuer)
By: Debbie Morrison
(Authorized Officer's Signature)

Debbie Morrison

(Print Name)

City Hall, 100 W. 4th Avenue

(Street Address)

Caney, Kansas USA 67333

(City) (State) (Country) (Zip Code)

(620) 879-2772

(Phone Number)

cityclerk@caney.kscoxmail.com

(E-mail)

DTCC

Address)

SCHEDULE A

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

SCHEDULE A

(To Blanket Issuer Letter of Representations)

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

CLOSING CERTIFICATE

\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1
DATED JANUARY 6, 2022

The undersigned Mayor and Clerk of the City of Caney, Kansas (the "Issuer"), make this Certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described notes (the "Notes"); and certify as of January 6, 2022 (the "Issue Date"), as follows:

1. Meaning of Words and Terms. Capitalized words and terms used in this Certificate, unless otherwise defined in this Certificate or the context requires otherwise, have the same meanings ascribed to such words and terms in the Note Resolution (defined below) authorizing the Notes.

2. Transcript of Proceedings. The transcript of proceedings relating to the authorization and issuance of the Notes (the "Transcript"), furnished to the Purchaser of the Notes, is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript; and the facts stated in the Transcript still exist. In each instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk. All certifications made by the Issuer in the Transcript Certificate dated December 20, 2021 are true and correct as of this date and are incorporated in this Certificate by reference.

3. Authorization and Purpose of the Notes. The Issuer is issuing and delivering the Notes simultaneously with the delivery of this Certificate, pursuant to and in full compliance with the Constitution and statutes of the State, including particularly K.S.A. 10-123, K.S.A. 12-1736 *et seq.*, as amended, and Resolution No. 1405 of the Issuer duly adopted by the governing body of the Issuer on December 20, 2021 (the "Note Resolution") for the purpose of retiring on January 6, 2022, the following temporary notes of the Issuer, issued to temporarily finance the Improvements (the "Refunded Notes"):

<i>Description</i>	<i>Series</i>	<i>Dated Date</i>	<i>Maturity Date</i>	<i>Amount</i>
G.O. Temporary Notes	2020-1	February 19, 2020	March 1, 2022	\$712,000

4. Security for the Notes. The Notes are general obligations of the Issuer payable from the proceeds of general obligation bonds of the Issuer and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are pledged under the Note Resolution to the payment of the principal of and interest on the Notes.

5. Sale of Notes. The Notes have been sold at rates not in excess of the limitations set forth in K.S.A. 10-1009. The Notice of Note Sale dated November 15, 2021 and included in the Transcript constitutes a full true and correct copy thereof. A copy of such Notice of Note Sale and Preliminary Official Statement was sent to prospective purchasers of the Notes, and to all other persons and firms requesting copies of such Notice of Note Sale and Preliminary Official Statement.

6. Official Statement. The Official Statement contained in the Transcript constitutes a full, true and correct copy of the Official Statement relating to the Notes. To the best of our knowledge, the Official Statement, other than the sections entitled “The Depository Trust Company,” “Ratings,” “Legal Matters,” “Tax Matters” and *Appendices B and C*, about which the Issuer expresses no opinion, is true in all material respects, and does not contain any untrue statement of a material fact or does not omit to state a material fact, necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. As of this date there has been no material adverse change in the financial condition or the financial affairs of the Issuer since the date of the Official Statement. No other event has occurred which is necessary to be disclosed in the Official Statement in order to make the statements therein not misleading in any material respect as of the date of this Certificate. The Issuer has previously caused to be delivered to the Purchaser copies of the Official Statement.

7. Non-Litigation. There is no controversy, action, suit, proceeding, or to the best of our knowledge, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the best of our knowledge, threatened against or affecting the Issuer, its officers or its property, or, to the best of our knowledge, any basis therefor questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Notes shown to be authorized in the Transcript; (e) the validity of the Notes, or any of the proceedings had in relation to the authorization, issuance or sale thereof; (f) the levy and collection of an ad valorem property tax to pay the principal of and interest on the Notes; or (g) the federal or state tax-exempt status of the interest on the Notes; wherein any unfavorable decision, ruling or finding would adversely affect the Issuer, the transactions contemplated by the Note Resolution or the Official Statement, or the validity or enforceability of the Notes, which are not disclosed in the final Official Statement.

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WITNESS our hands and the seal of the Issuer.

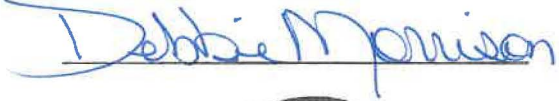
Signature

Official Title

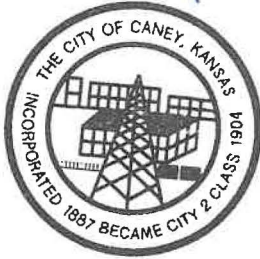


Mayor

(SEAL)



Clerk



FEDERAL TAX CERTIFICATE

Dated as of January 6, 2022

OF

THE CITY OF CANEY, KANSAS

\$740,000
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

FEDERAL TAX CERTIFICATE

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Schedule 1 Debt Service Schedule and Proof of Yield

* * *

FEDERAL TAX CERTIFICATE

THIS FEDERAL TAX CERTIFICATE (the “Tax Certificate”) is executed as of January 6, 2022 (the “Issue Date”), by the City of Caney, Kansas (the “Issuer”).

RECITALS

1. This Tax Certificate is being executed and delivered in connection with the issuance by the Issuer of \$740,000 principal amount of General Obligation Temporary Notes, Series 2022-1 (the “Notes”), under the Note Resolution, for the purposes described in this Tax Certificate and in the Note Resolution.

2. The Internal Revenue Code of 1986, as amended (the “Code”), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the “Regulations”), impose certain limitations on the uses and Investment of the Note proceeds and of certain other money relating to the Notes and set forth the conditions under which the interest on the Notes will be excluded from gross income for federal income tax purposes.

3. The Issuer is executing this Tax Certificate in order to set forth certain facts, covenants, representations, and expectations relating to the use of Note proceeds and the property financed or refinanced with those proceeds and the Investment of the Note proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Notes from gross income for federal income tax purposes.

4. The Issuer adopted a Tax Compliance Procedure (as defined below) for the purpose of setting out general procedures for the Issuer to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

5. This Tax Certificate is entered into as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Notes.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Certificate, the Issuer represents, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions of Words and Terms. Except as otherwise provided in this Tax Certificate or unless the context otherwise requires, capitalized words and terms used in this Tax Certificate have the same meanings as set forth in the Note Resolution, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Certificate have the following meanings:

“**Annual Compliance Checklist**” means a checklist for each of the Financed Improvements designed to measure compliance with the requirements of this Tax Certificate and the Tax Compliance Procedure after the Issue Date as further described in *Section 4.02* and substantially in the form attached as *Exhibit E*.

“Bona Fide Debt Service Fund” means a fund, which may include Note proceeds, that: (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and (b) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) one-twelfth of the principal and interest payments on the Notes for the immediately preceding Bond Year.

“Bond Compliance Officer” means the Issuer’s Clerk or other person named in the Tax Compliance Procedure.

“Bond Counsel” means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Issuer.

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending February 15 or another one-year period selected by the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended.

“Designated Portion” means, with respect to Code § 265, \$28,000 of the principal amount of the Notes.

“Deemed Designated Portion” means, with respect to Code § 265, \$712,000.

“Final Written Allocation” means the Final Written Allocation of expenditures prepared by the Bond Compliance Officer in accordance with the Tax Compliance Procedure and *Section 4.02(b)* of this Tax Certificate.

“Financed Improvements” means the portion of the Improvements being financed or refinanced with the proceeds of the Original Obligations as described in the Note Resolution and on *Exhibit D*.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Notes, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds or other Investment proceeds), (c) any amounts held in a sinking fund for the Notes, (d) any amounts held in a pledged fund or reserve fund for the Notes, and (e) any other replacement proceeds.

Specifically, Gross Proceeds includes (but is not limited to) amounts held in the following funds and accounts:

- (1) Redemption Fund.
- (2) Debt Service Account.
- (3) Costs of Issuance Account.

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

“Investment” means any security, obligation, annuity contract or other Investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-exempt bond, except for “specified private activity bonds” as defined in Code § 57(a)(5)(C), but does include the investment element of most interest rate caps.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means January 6, 2022.

“Issuer” means the City of Caney, Kansas, and its successors and assigns, or any body, agency or instrumentality of the State succeeding to or charged with the powers, duties and functions of the Issuer.

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Improvements, such as a contract to manage the entire Financed Improvements or a portion of the Financed Improvements. However, contracts for services that are solely incidental to the primary governmental function of the Financed Improvements (for example, contracts for janitorial, office equipment repair, billing, or similar services) are not treated as Management Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Improvements with proceeds of the Original Obligations, the period beginning on the later of (i) the issue date of the Original Obligations or (ii) the date the property was or will be placed in service, and ending on the earlier of (A) the final maturity date of the Notes or (B) the expected economic useful life of the property.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Notes.

“Net Proceeds” means the sale proceeds of the Notes (excluding pre-issuance accrued interest), less any proceeds deposited in a reasonably required reserve or replacement fund, plus all Investment earnings on such sale proceeds.

“Non-Qualified Use” means use of Note proceeds or the Financed Improvements in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Note proceeds or the Financed Improvements are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Improvements, will constitute use under Regulations § 1.141-3.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Note” or **“Notes”** means any Note or Notes described in the recitals, authenticated and delivered under the Note Resolution.

“Note Resolution” means Resolution No. 1405 as originally executed by the Issuer as amended and supplemented in accordance with the provisions of the Note Resolution.

“Original Obligations” means the Series 2020-1 Notes, which were the initial issues of tax-exempt governmental obligations that financed or refinanced a portion of the Financed Improvements.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Notes, the use of the Financed Improvements and the investment of Gross Proceeds after the Issue Date of the Notes.

“Preliminary Expenditures” means: (a) costs incurred for architectural, engineering, surveying, soil testing, costs of issuance, and similar costs prior to commencement of acquisition, construction, or

rehabilitation of the Financed Improvements, other than land acquisition, site preparation, and similar costs incident to commencement of construction of the Financed Improvements up to an amount not in excess of 20 percent of the issue price of the Original Obligations; and (b) costs incurred in an amount not in excess of the lesser of \$100,000 or 5% of the sale proceeds of the Original Obligations.

“Purchaser” means Northland Securities, Inc., Minneapolis, Minnesota, the original purchaser of the Notes, and any successor and assigns.

“Qualified Use Agreement” means any of the following:

(a) A lease or other short-term use by members of the general public who occupy the Financed Improvements on a short-term basis in the ordinary course of the Issuer’s governmental purposes.

(b) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Improvements for a period up to 200 days in length pursuant to an arrangement whereby (1) the use of the Financed Improvements under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (2) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Improvements under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(c) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Improvements for a period up to 100 days in length pursuant to arrangements whereby (1) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (2) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (3) the Financed Improvements was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Improvements under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(d) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Improvements for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Improvements was not constructed for a principal purpose of providing the property for use by that person.

“Qualified User” means a state, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Refunded Obligations” means the Series 2020-1 Notes maturing in the year 2022, in the aggregate principal amount of \$712,000.

“Regulations” means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Notes.

“Series 2020-1 Notes” means the Issuer's General Obligation Temporary Notes, Series 2020-1, dated February 19, 2020.

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

“**Tax Certificate**” means this Federal Tax Certificate as it may from time to time be amended and supplemented in accordance with its terms.

“**Tax Compliance Procedure**” means the Issuer’s Tax and Securities Compliance Procedures, dated February 19, 2018.

“**Tax-Exempt Bond File**” means documents and records for the Notes, maintained by the Bond Compliance Officer pursuant to the Tax Compliance Procedure.

“**Transcript**” means the Transcript of Proceedings relating to the authorization and issuance of the Notes.

“**Yield**” means Yield on the Notes, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.01 Representations and Covenants of the Issuer. The Issuer represents and covenants as follows:

(a) **Organization and Authority.** The Issuer: (1) is a city of the second class, duly created, organized and existing under the Constitution and laws of the State, (2) has lawful power and authority to issue the Notes for the purposes set forth in the Note Resolution, to enter into, execute and deliver the Note Resolution, the Notes, and this Tax Certificate and to carry out its obligations under this Tax Certificate and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Note Resolution, the Notes, and this Tax Certificate, acting by and through its duly authorized officials.

(b) **Tax-Exempt Status of Notes– General Covenant.** The Issuer (to the extent within its power or direction) will not use any money on deposit in any fund or account maintained in connection with the Notes, whether or not such money was derived from the proceeds of the sale of the Notes or from any other source, in a manner that would cause the Notes to be “arbitrage bonds,” within the meaning of Code § 148, and will not (to the extent within its power or direction) otherwise use or permit the use of any Note proceeds or any other funds of the Issuer, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause interest on the Notes to be included in gross income for federal income tax purposes.

(c) **Governmental Obligations–Use of Proceeds.** Throughout the Measurement Period: (1) all of the Financed Improvements have been and are expected to be owned by the Issuer or another Qualified User; (2) no portion of the Financed Improvements have been or are expected to be used in a Non-Qualified Use; and (3) the Issuer will not permit any Non-Qualified Use of the Financed Improvements without first consulting with Bond Counsel. The Issuer will monitor the usage of all portions of the Financed Improvements during the Measurement Period. If the Non-Qualified Use of the Financed Improvements exceeds 10% of the total use over the Measurement Period, then the Issuer will take “remedial action” in accordance with Regulations § 1.141-12, as specified in advice from Bond Counsel, as necessary to

maintain the exclusion of the interest on the Notes from gross income for federal income tax purposes. The Issuer understands that remedial action could include redemption or defeasance of all or a portion of the Notes.

(d) **Governmental Obligations–Private Security or Payment.** As of the Issue Date, the Issuer expects that none of the principal and interest on the Notes and the payment of principal of and interest on the Refunded Obligations has not been (under the terms of the Notes or any underlying arrangement) directly or indirectly:

(1) secured by (i) any interest in property used or to be used for a private business use, or (ii) any interest in payments in respect of such property; or

(2) derived from payments (whether or not such payments are made to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use.

For purposes of the foregoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The Issuer will not permit any private security or payment with respect to the Notes without first consulting with Bond Counsel.

(e) **No Private Loan.** Not more than 5% of the net proceeds of the Notes will be loaned directly or indirectly to any Non-Qualified User.]

(f) **Management Agreements.** As of the Issue Date, the Issuer has no Management Agreements with Non-Qualified Users. During the Measurement Period, the Issuer will not enter into or renew any Management Agreement with any Non-Qualified User without first consulting with Bond Counsel.

(g) **Leases.** As of the Issue Date, the Issuer has not entered into any leases of any portion of the Financed Improvements other than Qualified Use Agreements. During the Measurement Period, the Issuer will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first consulting with Bond Counsel.

(h) **Intentionally Omitted.**

(i) **Limit on Maturity of Notes.** A list of the assets included in the Financed Improvements and a computation of the “average reasonably expected economic life” is attached to this Tax Certificate as **Exhibit D**. Based on this computation, the “average maturity” of the Notes, as computed by Bond Counsel, does not exceed 120% of the average reasonably expected economic life of the Financed Improvements.

(j) **Expenditure of Note Proceeds.**

(1) **Reimbursement of Expenditures; Official Intent.** The governing body of the Issuer adopted one or more resolutions declaring the intent of the Issuer to finance the Financed Improvements with tax-exempt bonds and to reimburse the Issuer for expenditures made for the Financed Improvements prior to the issuance of those bonds. No portion of the Net Proceeds of the Original Obligations were used to reimburse an expenditure paid by the Issuer more than 60 days prior to the date the respective resolution was adopted, except for Preliminary Expenditures or as otherwise described in the federal tax certificate or similar document for the Original Obligations. The Issuer evidenced each allocation of the proceeds of the Original Obligations to an expenditure in writing.

(2) **Final Allocation of Note Proceeds to Expenditures.** The Improvements were placed in service on the dates listed on **Exhibit D**. The Issuer will make a final allocation of proceeds of the Original Obligations to Improvements expenditures within 18 months after the later of (A) the date the expenditure was made, or (B) the date the Improvements were placed in service (the “Final Allocation”). The Issuer will maintain the Final Allocation and accurate supporting records of all expenditures made for the Improvements, including the amount, the date paid, a description of the purpose, and the source of funds (whether Note proceeds or other money) allocated to each Improvement expenditure, in accordance with **Section 4.02** of this Tax Certificate.

(k) **Registered Notes.** The Note Resolution requires that all of the Notes will be issued and held in registered form within the meaning of Code § 149(a).

(l) **Notes Not Federally Guaranteed.** The Issuer will not take any action or permit any action to be taken which would cause any Note to be “federally guaranteed” within the meaning of Code § 149(b).

(m) **IRS Form 8038-G.** Bond Counsel will prepare IRS Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the Issuer contained in this Tax Certificate or otherwise provided by the Issuer. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer’s records. The Issuer agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G for filing with the IRS. A copy of the IRS Form 8038-G as filed with the IRS with proof of filing will be included in **Exhibit A** of Tax Certificate.

(n) **Hedge Bonds.** At least 85% of the net sale proceeds (the sale proceeds of the Original Obligations less any sale proceeds invested in a reserve fund) of the Original Obligations were used to carry out the governmental purpose of the Original Obligations within 3 years after the issue date of the Original Obligations, and not more than 50% of the proceeds of the Original Obligations were invested in Investments having a substantially guaranteed Yield for 4 years or more.

(o) **Single Issue; No Other Issues.** The Notes constitute a single “issue” under Regulations § 1.150-1(c). No other debt obligations of The Issuer: (1) are being sold within 15 days of the sale of the Notes, (2) are being sold under the same plan of financing as the Notes, and (3) are expected to be paid from substantially the same source of funds as the Notes (disregarding guarantees from unrelated parties, such as bond insurance).

(p) **Interest Rate Swap.** As of the Issue Date, the Issuer has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Notes. The Issuer will not enter into any such arrangement in the future without consulting with Bond Counsel.

(q) **Guaranteed Investment Contract.** As of the Issue Date, the Issuer does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Notes. The Issuer will be responsible for complying with **Section 4.04(d)** hereof if it decides to enter into a Guaranteed Investment Contract at a later date.

(r) **Bank Qualified Tax-Exempt Obligations.** Pursuant to Code § 265, the Notes will be treated as two separate issues (*i.e.*, a “Designated Portion” and a “Deemed Designated Portion”).

(1) The Issuer designates the Designated Portion as a “qualified tax-exempt obligation” under Code § 265(b)(3), and with respect to said designation certifies as follows:

(A) The reasonably anticipated amount of tax-exempt obligations (other than private activity bonds which are not “qualified 501(c)(3) bonds” and the Notes allocable to the Deemed Designated Portion) which will be issued by or on behalf of the Issuer (and all subordinate entities of the Issuer) during calendar year that the Notes are issued is not reasonably expected to exceed \$10,000,000; and

(B) the Issuer (including all subordinate entities of the Issuer) will not issue an aggregate principal amount of obligations designated by the Issuer to be “qualified tax-exempt obligations” during calendar year that the Notes are issued, including the Designated Portion, in excess of \$10,000,000, without first consulting with Bond Counsel that the designation of the Notes as “qualified tax-exempt obligations” will not be adversely affected.

(2) The Deemed Designated Portion is “deemed designated” as a “qualified tax-exempt obligation” under Code §265(b)(3)(D)(ii). In respect of such “deemed designation” the Issuer hereby certifies as follows:

(A) The aggregate face amount of the Notes does not exceed \$10,000,000.

(B) each of the Refunded Obligations, which are being refunded with the proceeds of the Deemed Designated Portion were designated as “qualified tax-exempt obligations” under Code §265(b)(3); and

(C) the final maturity of the Refunding Portion is not later than 30 years after the date the Refunded Obligations, or any original qualified tax-exempt obligation refunded by the Refunded Obligations was issued.

(s) **General Allocation and Accounting.** The portion of the Improvements financed by the Original Obligations and refinanced by the Notes may have been financed in part with proceeds of the Original Obligations and in part with other funds of the Issuer. The portion of the Improvements financed with proceeds of the Original Obligations is referred to as the Financed Improvements. Attached as **Exhibit D** is a schedule showing the Improvements financed, in whole or in part, with proceeds of the Original Obligations. For purposes of determining Non-Qualified Use, if any, of the Financed Improvements during the Measurement Period, the Issuer will allocate Non-Qualified Use first to the portion of the applicable Improvements financed with other funds of the Issuer and second to the Financed Improvements. During the Measurement Period, the Issuer will, on an annual basis, determine the extent to which Non-Qualified Use exceeds the portion of the applicable Improvements financed with other funds of the Issuer and determine the extent to which the proceeds of the Notes and the Financed Improvements are used in a Non-Qualified Use.

(t) **Compliance with Future Tax Requirements.** The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Notes from gross income for federal income tax purposes.

Section 2.02 Continuing Application of Representations and Covenants. All representations, covenants and certifications contained in this Tax Certificate or in any certificate or other

instrument delivered by the Issuer under this Tax Certificate, will survive the execution and delivery of such documents and the issuance of the Notes, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Notes.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.01 General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the Issuer's expectations as to the sources, uses and investment of Note proceeds and other money, in order to support the Issuer's conclusion that the Notes are not arbitrage bonds. The person executing this Tax Certificate on behalf of the Issuer is an officer of the Issuer responsible for issuing the Notes.

Section 3.02 Reasonable Expectations. The facts, estimates and expectations set forth in this Article are based upon and in reliance upon the Issuer's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Issuer's knowledge, the facts and estimates set forth in this Tax Certificate are accurate, and the expectations of the Issuer set forth in this Tax Certificate are reasonable. The Issuer has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Certificate are unreasonable or inaccurate or may not be relied upon.

Section 3.03 Purpose of Financing. The Notes are being issued for the purpose of providing funds to pay: (a) the costs of refunding the Refunded Obligations; and (b) Costs of Issuance.

Section 3.04 Funds and Accounts. The following funds and accounts have been established by the Note Resolution:

- (a) Redemption Fund.
- (b) Debt Service Account.
- (c) Costs of Issuance Account.

Section 3.05 Amount and Use of Note Proceeds.

(a) **Amount of Note Proceeds.** The total proceeds to be received by the Issuer from the sale of the Notes are as evidenced in *Exhibit B* attached to this Tax Certificate and calculated as follows:

Principal Amount	\$740,000.00
Less Underwriter's Discount	<u>-3,892.40</u>
Total Purchase Price	\$736,107.60

(b) **Use of Note Proceeds.** The Note proceeds are expected to be allocated to expenditures as follows:

- (1) The sum of \$21,338.71 will be deposited in the Costs of Issuance Account and used to pay the Costs of Issuance of the Notes.

(2) The sum of \$714,768.89 will be deposited into the Redemption Fund, and paid and transferred to the Refunded Notes Paying Agent, with irrevocable instructions to apply such amount to the payment of the Refunded Obligations on the Refunded Notes Redemption Date.

Section 3.06 No Advance Refunding. No proceeds of the Notes will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.07 Current Refunding.

(a) **Proceeds Used For Current Refunding.** Proceeds of the Notes will be used to pay principal and interest on the Refunded Obligations. All such proceeds shall be spent not later than 90 days after the Issue Date.

(b) **Transferred Proceeds.** There are no unspent proceeds (sale proceeds, Investment proceeds or transferred proceeds) of the Refunded Obligations. Therefore there are no transferred proceeds of the Notes. Upon discharge of any principal amount of the Refunded Obligations with proceeds of the Notes, a ratable portion of the remaining unspent proceeds of the Refunded Obligations will become proceeds of the Notes (determined in accordance Regulations § 1.148-9(b)).

Section 3.08 Completion of Financed Improvements. The Financed Improvements have previously been completed.

Section 3.09 Sinking Funds. The Issuer is required to make periodic payments in amounts sufficient to pay the principal of and interest on the Notes. Such payments will be deposited into the Debt Service Account. Except for the Debt Service Account, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Notes has been established or is expected to be established. The Debt Service Account is used primarily to achieve a proper matching of revenues with principal and interest payments on the Notes within each Bond Year, and the Issuer expects that the Debt Service Account will qualify as a Bona Fide Debt Service Fund.

Section 3.10 Reserve, Replacement and Pledged Funds.

(a) **No Reserve Fund.** No reserve fund has been or will be established for the Notes.

(b) **No Replacement or Pledged Funds.** None of the Note proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Improvements, and that instead has been or will be used to acquire higher yielding Investments. Except for the Debt Service Account, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Notes if the Issuer encounters financial difficulty.

Section 3.11 Purpose Investment Yield. The proceeds of the Notes will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.12 Issue Price and Yield on Notes.

(a) **Issue Price.** Based on the Purchaser's certifications in *Exhibit C* and the Municipal Advisor's certifications in *Exhibit C-1*, the Issuer hereby elects to establish the issue prices of the Notes pursuant to Regulations § 1.148-1(f)(2)(iii) (relating to the so-called "competitive sales rule"). Therefore, the aggregate issue price of the Notes for such purpose is \$740,000, without accrued interest.

(b) **Note Yield.** Based on the aggregate issue price of the Notes set forth in (a), the yield on the Notes is 0.5499528%, as computed by Bond Counsel and shown on *Schedule I* attached to this Certificate. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Notes.

Section 3.13 Miscellaneous Arbitrage Matters.

(a) **No Abusive Arbitrage Device.** The Notes are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) **No Over-Issuance.** The sale proceeds of the Notes, together with expected Investment earnings thereon and other money contributed by the Issuer, do not exceed the cost of the governmental purpose of the Notes as described above.

Section 3.14 Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Certificate, the Issuer does not expect that the Note proceeds will be used in a manner that would cause any Note to be an “arbitrage bond” within the meaning of Code § 148 and the Regulations.

ARTICLE IV

TAX COMPLIANCE POLICIES AND PROCEDURES

Section 4.01 General.

(a) **Purpose of Article.** The purpose of this Article is to supplement the Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Notes are issued. The Issuer recognizes that interest on the Notes will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer further acknowledges that written evidence substantiating compliance with the Post-Issuance Tax Requirements must be retained in order to permit the Notes to be refinanced with tax-exempt obligations and substantiate the position that interest on the Notes is exempt from gross income in the event of an audit of the Notes by the IRS.

(b) **Written Policies and Procedures of the Issuer.** The Issuer intends for the Tax Compliance Procedure, as supplemented by this Tax Certificate, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Notes and to supplement any other formal policies and procedures related to the Post-Issuance Requirements that the Issuer has established or establishes in the future. The provisions of this Tax Certificate are intended to be consistent with the Tax Compliance Procedure. In the event of any inconsistency between the Tax Compliance Procedure and this Tax Certificate, the terms of this Tax Certificate will govern.

(c) **Bond Compliance Officer.** The Issuer when necessary to fulfill the Post-Issuance Tax Requirements will, through its Bond Compliance Officer, sign Form 8038-T in connection with the payment of arbitrage rebate or Yield reduction payments, participate in any federal income tax audit of the Notes or related proceedings under a voluntary compliance agreement procedures (VCAP) or undertake a remedial action procedure pursuant to Regulations §§ 1.141-12 and 1.145-2. In each case, all costs and expenses

incurred by the Issuer shall be treated as a reasonable cost of administering the Notes and the Issuer shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Note Resolution or State law.

Section 4.02 Record Keeping; Use of Note Proceeds and Use of Financed Improvements.

(a) **Record Keeping.** The Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Notes in accordance with the Tax Compliance Procedure. Unless otherwise specifically instructed in writing by Bond Counsel or to the extent otherwise provided in this Tax Certificate, the Bond Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until 3 years following the final maturity of (1) the Notes or (2) any obligation issued to refund the Notes. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (A) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (B) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (C) exhibit a high degree of legibility and readability both electronically and in hardcopy, (D) provide support for other books and records of the Issuer and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Issuer's premises.

(b) **Accounting and Allocation of Note Proceeds to Expenditures.** The Bond Compliance Officer will account for the investment and expenditure of Note proceeds in the level of detail required by the Tax Compliance Procedure. The Bond Compliance Officer will supplement the expected allocation of Note proceeds to expenditures with a Final Written Allocation as required by the Tax Compliance Procedure.

(c) **Annual Compliance Checklist.** Attached as *Exhibit E* is a sample Annual Compliance Checklist for the Notes. The Bond Compliance Officer will prepare and complete an Annual Compliance Checklist for the Financed Improvements at least annually in accordance with the Tax Compliance Procedure. In the event the Annual Compliance Checklist identifies a deficiency in compliance with the requirements of this Tax Certificate, the Bond Compliance Officer will take the actions identified in advice from Bond Counsel or **Section 4.4** of the Tax Compliance Procedure to correct any deficiency.

(d) **Advice from Bond Counsel.** The Bond Compliance Officer is responsible for obtaining and delivering to the Issuer any advice from Bond Counsel required under the provisions of this Tax Certificate or the Annual Compliance Checklist.

Section 4.03 Restrictions on Investment Yield. Except as described below, Gross Proceeds must not be invested at a Yield greater than the Yield on the Notes:

(a) **Redemption Fund.** Proceeds of the Notes deposited in the Redemption Fund and Investment earnings on such proceeds may be invested without Yield restriction for a period of 90 days after the Issue Date.

(b) **Cost of Issuance Account.** Note proceeds deposited in the Cost of Issuance Account and Investment earnings on such proceeds may be invested without Yield restriction for a period of 90 days after the Issue Date.

(c) **Debt Service Account.** To the extent that the Debt Service Account qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months

after the date of deposit. Earnings on such amounts may be invested without Yield restriction for 1 year after the date of receipt of such earnings.

(e) **Minor Portion.** In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.04 Procedures for Establishing Fair Market Value of Investments.

(a) **General.** No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) **Established Securities Market.** Except for Investments purchased for a yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) **Certificates of Deposit.** The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) **Guaranteed Investment Contracts.** The Issuer is applying Regulations § 1.148-5(d)(6)(iii)(A) (relating to electronic bidding of Guaranteed Investment Contracts) to the Notes. The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) **Bona Fide Solicitation for Bids.** The Issuer makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers, or are made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.

(B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the

Issuer, or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the Issuer, or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the Issuer’s reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive “last look”).

(G) At least 3 “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(2) *Bids Received.* The bids received by the Issuer must meet all of the following requirements:

(A) The Issuer receives at least 3 bids from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the issue date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least 1 of the 3 bids received is from a reasonably competitive provider, as defined above.

(C) If the Issuer uses an agent or broker to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) *Winning Bid.* The winning bid is the highest yielding bona fide bid (determined net of any broker’s fees).

(4) *Fees Paid.* The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) *Records.* The Issuer retains the following records with the bond documents until 3 years after the last outstanding Note is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid by the Issuer for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of the Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) **Other Investments.** If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) At least 3 bids on the Investment must be received from persons with no financial interest in the Notes (e.g., as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.05 Notes Exempt from the Rebate Requirement.

(a) **The Notes Qualify as a Rebate-Exempt Small Issue.**

(1) The aggregate face amount of the Notes does not exceed \$5,000,000;

(2) Each Refunded Obligation was issued as part of an issue that was exempt from arbitrage rebate under the small-issuer exception of Code § 148(f)(4)(D); and

(3) No Note has a maturity date later than 30 years after the issue date of the Original Obligations.

(b) **Conclusion as to Small Issuer Exemption.** Based on these certifications, Bond Counsel has advised the Issuer that the Notes are exempt from the arbitrage rebate requirements of Code § 148(f), under the small-issuer exception set forth in Code § 148(f)(4)(D).

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.01 Term of Tax Certificate. This Tax Certificate will be effective concurrently with the issuance and delivery of the Notes and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Notes have been fully paid and all such Notes are cancelled; provided that the provisions of *Article IV* of this Tax Certificate regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions in *Section 4.02* relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.02 Amendments. This Tax Certificate may be amended from time to time by the Issuer without notice to or the consent of any of the Note Owners, but only if such amendment is in writing and is accompanied by advice from Bond Counsel to the effect that, under then-existing law, assuming compliance with this Tax Certificate as so amended and the Note Resolution, such amendment will not cause any Note to be an arbitrage bond under Code § 148 or otherwise cause interest on any Note to be included in gross income for federal income tax purposes. No amendment will become effective until the Issuer receives advice from Bond Counsel, addressed to the Issuer that the amendment will not adversely affect the exclusion of the interest on the Notes from gross income for federal income tax purposes.

Section 5.03 Advice from Bond Counsel. The Issuer may deviate from the provisions of this Tax Certificate if furnished with advice from Bond Counsel to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Notes from gross income for federal income tax purposes. The Issuer further agrees to comply with any further or different instructions provided in advice from Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Notes or the exclusion from gross income of interest on the Notes.

Section 5.04 Reliance. In delivering this Tax Certificate the Issuer is making only those certifications, representations and agreements as are specifically attributed to them in this Tax Certificate. The Issuer is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Certificate and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The Issuer understands that its certifications will be relied upon by Bond Counsel in rendering its opinion as to the validity of the Notes and the exclusion from federal gross income of the interest on the Notes.

Section 5.05 Severability. If any provision in this Tax Certificate or in the Notes is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.06 Benefit of Certificate. This Tax Certificate is binding upon the Issuer, its respective successors and assigns, and inures to the benefit of the Issuer and the owners of the Notes. Nothing in this Tax Certificate, the Note Resolution or the Notes, express or implied, gives to any person, other than the Issuer, its successors and assigns, and the owners of the Notes, any benefit or any legal or equitable right, remedy or claim under this Tax Certificate.

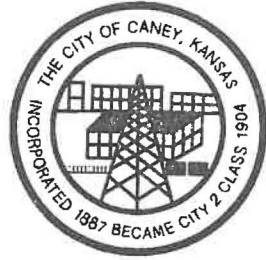
Section 5.07 Default, Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Certificate may be pursued by the Note Owners pursuant to the terms of the Note Resolution or any other document which references this Tax Certificate and gives remedies for a misrepresentation or breach thereof.

Section 5.08 Governing Law. This Tax Certificate will be governed by and construed in accordance with the laws of the State.

Section 5.09 Electronic Transactions. The transactions described herein may be conducted, and related documents may be sent, received, executed, and stored, by electronic means. Copies, telecopies, electronic files and other reproductions of original executed documents (or documents executed by electronic means) shall be deemed to be authentic and valid counterparts of such documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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THE UNDERSIGNED, Mayor and Clerk of the Issuer, by their execution of this Tax Certificate hereby make the foregoing certifications, representations, and agreements contained in this Tax Certificate on behalf of the Issuer, as of the Issue Date.



CITY OF CANEY, KANSAS

By: *Lorna Chelva*
Mayor

By: *Debbie Morrison*
Clerk

EXHIBIT A

IRS FORM 8038-G

GILMORE BELL

One Main Place - 100 North Main, Suite 800
Wichita, Kansas 67202-1311

(316) 267-2091 / (316) 262-6523 FAX / gilmorebell.com

January 4, 2022

Ms. Debbie Morrison, Clerk
100 W. 4th Avenue
P.O. Box 129
Caney, Kansas 67333

Re: \$740,000 General Obligation Temporary Notes, Series 2022-1, of the City of Caney,
Kansas, Dated January 6, 2022 (the "Notes")

Dear Debbie:

As part of the closing process of the Notes, Gilmore & Bell, P.C. ("Bond Counsel") will file Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) with the Internal Revenue Service (the "IRS"). Attached hereto are two completed original IRS Forms 8038-G signed by the undersigned on behalf of Bond Counsel as a paid preparer. Also attached is an "Issuer Copy" of IRS Form 8038-G *to be retained by you for your records*.

Please sign both completed originals of the IRS Form 8038-G and return them to us as soon as possible. A completed copy of the IRS Form 8038-G and evidence of filing will be included in the Note Transcript. We will file the IRS Form 8038-G in accordance with Federal law on or before May 15, 2022.

When the form is processed by the IRS, a Notice CP152 will be sent to you to acknowledge receipt of the form. This official acknowledgement should be retained for reference in case future correspondence with the IRS concerning this issue is required. In addition, please send a copy of the notice to us for our file.

Should you have any questions, please feel free to contact Ms. Robyn R. Dunlap or the undersigned.

Very truly yours,


Garth J. Herrmann

GJH:rrd

Enclosures

cc Distribution List



One Main Place - 100 North Main, Suite 800
Wichita, Kansas 67202-1311

(316) 267-2091 / (316) 262-6523 FAX / gilmorebell.com

January 10, 2022

FEDERAL EXPRESS TRACKING NO.7757 0918 0460

Internal Revenue Service
1973 N. Rulon White Blvd
Ogden, UT 84201

Re: \$740,000 General Obligation Temporary Notes, Series 2022-1, of the City of Caney,
Kansas, Dated January 6, 2022 (the "Notes")

On behalf of the issuer of the above-referenced obligations, the enclosed Form 8038-G is submitted for filing pursuant to Section 149(e) of the Internal Revenue Code of 1986.

Should additional information be required, please contact the undersigned.

Very truly yours,



Garth J. Herrmann

GJH:rrd:rd

Enclosure

Information Return for Tax-Exempt Governmental Bonds

(Rev. October 2021)

▶ Under Internal Revenue Code section 149(e)

▶ See separate instructions.

OMB No. 1545-0047

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

▶ Go to www.irs.gov/F8038G for instructions and the latest information.

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>	
1 Issuer's name City of Caney, Kansas		2 Issuer's employer identification number (EIN) 48-6042966	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Garth J. Herrmann, Gilmore & Bell, P.C., bond counsel		3b Telephone number of other person shown on 3a (316) 267-2091	
4 Number and street (or P.O. box if mail is not delivered to street address) 100 W. 4th Avenue, P.O. Box 129		Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Caney, Kansas 67333		7 Date of issue 01/06/2022	
8 Name of issue \$740,000 City of Caney, Kansas, General Obligation Temporary Notes, Series 2022-1, Dated January 6, 2022		9 CUSIP number 13752N CM 2	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information Debbie Morrison, City Clerk		10b Telephone number of officer or other employee shown on 10a (620) 879-2772	

Part II Type of Issue (Enter the issue price.) See the instructions and attach schedule.	
11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17
18 Other. Describe ▶ Public Building Improvements	18 \$740,000.00
19a If bonds are TANs or RANs, check only box 19a ▶ <input type="checkbox"/>	
b If bonds are BANs, check only box 19b ▶ <input checked="" type="checkbox"/>	
20 If bonds are in the form of a lease or installment sale, check box ▶ <input type="checkbox"/>	



Part III Description of Bonds. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	02/15/2024	\$740,000.00	\$740,000.00	2.108 years	0.5500 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22	Proceeds used for accrued interest	22	\$	0.00
23	Issue price of entire issue (enter amount from line 21, column (b))	23	740,000.00	
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	\$ 25,231.11	
25	Proceeds used for credit enhancement	25	0.00	
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0.00	
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	714,768.89	
28	Proceeds used to refund prior taxable bonds. Complete Part V	28	0.00	
29	Total (add lines 24 through 28)	29	740,000.00	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	0.00	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.			
31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded ▶	0.1528	years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded ▶	----	years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) ▶	01/06/2022	
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	02/19/2020	

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	\$	0.00
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a		0.00
b Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____			
c Enter the name of the GIC provider ▶ _____			
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		0.00
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ <input type="checkbox"/> and enter the following information:			
b Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____			
c Enter the EIN of the issuer of the master pool bond ▶ _____			
d Enter the name of the issuer of the master pool bond ▶ _____			
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶			<input checked="" type="checkbox"/>
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶			<input type="checkbox"/>
41a If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:			
b Name of hedge provider ▶ _____			
c Type of hedge ▶ _____			
d Term of hedge ▶ _____			
42 If the issuer has superintegrated the hedge, check box ▶			<input type="checkbox"/>
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶			<input checked="" type="checkbox"/>
44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶			<input checked="" type="checkbox"/>
45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input type="checkbox"/> and enter the amount of reimbursement ▶			
b Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____			

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
		01/06/2022	Debbie Morrison, City Clerk		
	Signature of issuer's authorized representative	Date	Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name Garth J. Herrmann	Preparer's signature 	Date 01/04/2022	Check <input type="checkbox"/> if self-employed	PTIN P01874338
	Firm's name ▶ Gilmore & Bell, P.C.	Firm's EIN ▶ 43-1611738			
	Firm's address ▶ 2405 Grand Boulevard, Suite 1100, Kansas City, MO 64108	Phone no. 816-221-1000			



January 11, 2022

Dear Customer,

The following is the proof-of-delivery for tracking number: 775709180460

Delivery Information:

Status:	Delivered	Delivered To:	Shipping/Receiving
Signed for by:	A.MORGAN	Delivery Location:	
Service type:	FedEx 2Day		
Special Handling:	Deliver Weekday		OGDEN, UT,
		Delivery date:	Jan 11, 2022 10:01

Shipping Information:

Tracking number:	775709180460	Ship Date:	Jan 10, 2022
		Weight:	0.5 LB/0.23 KG

Recipient:	Shipper:
OGDEN, UT, US,	Wichita, KS, US,

Reference	601004.20010
Purchase Order	Caney

Signature image is available. In order to view image and detailed information, the shipper or payor account number of the shipment must be provided.

EXHIBIT B

RECEIPT FOR PURCHASE PRICE

\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1
DATED JANUARY 6, 2022

The undersigned Clerk of the City of Caney, Kansas, this day received from Northland Securities, Inc., Minneapolis, Minnesota, the original purchaser of the above-described notes (the "Notes"), the full purchase price of the Notes, said purchase price received by the Issuer being calculated as follows:

Principal Amount	\$740,000.00
Less Underwriting Discount	<u>-3,892.40</u>
Total Purchase Price	\$736,107.60

DATED: January 6, 2022.

CITY OF CANEY, KANSAS

By: Debbie Morrison
Clerk

EXHIBIT C

RECEIPT AND REPRESENTATION

**\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1
DATED JANUARY 6, 2022**

This Receipt and Representation (the "Certificate") is being delivered by Northland Securities, Inc., Minneapolis, Minnesota (the "Purchaser") as original purchaser of the above-described notes (the "Notes"), being issued on the date of this Receipt (the "Issue Date") by the City of Caney, Kansas (the "Issuer"), certifies and represents as follows:

1. Authorized Representative. The undersigned is the duly authorized representative of the Purchaser.

2. Receipt for Notes. The Purchaser acknowledges receipt by the Depository Trust Company on behalf of the Purchaser on the Issue Date, consisting of fully registered "book-entry-only" notes in Authorized Denominations in a form acceptable to the Purchaser.

3. Issue Price.

(a) **Public Offering.** The Purchaser offered all of the Notes to the Public in a *bona fide* initial offering.

(b) **Expected Initial Offering Prices.** As of the sale date of the Notes (December 16, 2021), the reasonably expected initial offering prices of the Notes to the Public by the Purchaser are the prices listed in *Schedule I* attached to this Certificate (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities used by the Purchaser in formulating its bid to purchase the Notes.

(c) **Defined Terms.**

(i) The term "Maturity" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate maturities.

(ii) The term "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" is defined in U.S. Treasury Regulation § 1.150-1(b) which generally provides that the term related party means any two or more persons who have a greater than 50 percent common ownership, directly or indirectly.

(iii) The term "Underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

4. Reliance. The representations set forth in this Certificate are limited to factual matters only. Nothing in this Certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the certifications contained herein will be relied upon by the Issuer in executing and delivering its Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Gilmore & Bell, P.C., Bond Counsel, in rendering its opinion relating to the exclusion from federal gross income of the interest on the Notes and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

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Dated: January 6, 2022.

NORTHLAND SECURITIES, INC.
MINNEAPOLIS, MINNESOTA

By: _____
Title: _____ SR VP

SCHEDULE I

EXPECTED OFFERING PRICES

Stated Maturity <u>February 15 1</u> 2024	Principal <u>Amount</u> \$740,000	Annual Rate <u>Of Interest</u> 0.55%	Initial Offering <u>Price</u> 100%
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EXHIBIT C-1

CERTIFICATE OF MUNICIPAL ADVISOR

\$740,000

CITY OF CANEY, KANSAS

GENERAL OBLIGATION TEMPORARY NOTES

SERIES 2022-1

DATED JANUARY 6, 2022

The undersigned, on behalf of Ranson Financial Group, LLC, Wichita, Kansas (the “Municipal Advisor”), as municipal advisor to the City of Caney, Kansas (the “Issuer”) in connection with the issuance of the above-described notes (the “Notes”), has assisted the Issuer in soliciting and receiving bids from potential underwriters in connection with the sale of the Notes in a competitive bidding process in which bids were requested for the purchase of the Notes at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Notes:

1. The Notes were offered for sale at specified written terms more particularly described in the Notice of Note Sale, which was distributed to potential bidders, a copy of which is included in Tab 4 of the Transcript of Proceedings related to the Notes.

2. The Notice of Note Sale was disseminated electronically prior to the sale date. The method of distribution of the Notice of Note Sale is regularly used for purposes of disseminating notices of sale of new issuances of municipal bonds, and notices disseminated in such manner are widely available to potential bidders.

3. To the knowledge of the Municipal Advisor, all bidders were offered an equal opportunity to bid to purchase the Notes, and the bidding process did not afford any opportunity for bidders to review other bids before providing a bid (that is, no “last-look”).


4. The Issuer received bids from at least three bidders who represented that each has an established industry reputation for underwriting new issuances of municipal bonds. Based upon the Municipal Advisor’s knowledge and experience in acting as the municipal advisor for other municipal issues, the Municipal Advisor believes those representations to be accurate. Copies of the bids received are attached to this Certificate as ***Attachment 1***.

5. The winning bidder was Northland Securities, Inc., Minneapolis, Minnesota (the “Purchaser”), whose bid was determined to be the best conforming bid in accordance with the terms set forth in the Notice of Note Sale, as shown in the bid comparison included in Tab 6 of the Transcript of Proceedings related to the Notes. The Issuer awarded the Notes to the Purchaser.

The representations set forth in this certificate are limited to factual matters only. Nothing in this Certificate represents the Municipal Advisor’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the certifications contained herein will be relied upon by the Issuer in executing and delivering its Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Gilmore & Bell, P.C., Bond Counsel, in rendering its opinion relating to the exclusion from federal gross income of the interest on the Notes and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Dated: January 6, 2022

RANSON FINANCIAL GROUP, LLC

By: 
Title: Municipal Advisor

ATTACHMENT 1

BIDS RECEIVED

Upcoming Calendar Overview Result Excel

Northland Securities, Inc. - Minneapolis , MN's Bid



Caney (City)
\$740,000 General Obligation Temporary Notes, Series 2022-1

For the aggregate principal amount of \$740,000.00, we will pay you \$736,107.60, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate:

Table with 5 columns: Maturity Date, Amount \$, Coupon %, Yield %, Dollar Price. Row 1: 02/15/2024, 740M, 0.5500, 0.5500, 100.000

Total Interest Cost: \$8,580.92
Discount: \$3,892.40
Net Interest Cost: \$12,473.32
NIC: 0.799486
Time Last Bid Received On: 12/16/2021 10:59:46 CST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Northland Securities, Inc., Minneapolis , MN
Contact: Dustin Siehr
Title:
Telephone: 414-908-0422
Fax: 414-755-1831

Issuer Name: City of Caney Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

Upcoming Calendar

Overview

Result

Excel

Commerce Bank - Kansas City , MO's Bid



Caney (City)

\$740,000 General Obligation Temporary Notes, Series 2022-1

For the aggregate principal amount of \$740,000.00, we will pay you \$740,357.42, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate:

Maturity Date	Amount \$	Coupon %	Yield %	Dollar Price
02/15/2024	740M	1.0000	0.5000	100.551

Total Interest Cost: \$15,601.67

Premium: \$357.42

Net Interest Cost: \$15,244.25

NIC: 0.977091

Time Last Bid Received On: 12/16/2021 10:32:07 CST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Commerce Bank, Kansas City , MO

Contact: Matthew Koch

Title: Fixed Income Trader

Telephone: 816-234-2450

Fax:

Issuer Name: City of Caney

Company Name: _____

Accepted By: _____

Accepted By: _____

Date: _____

Date: _____

Upcoming Calendar Overview Result Excel

Oppenheimer & Co., Inc. - Philadelphia , PA's Bid



Caney (City)
\$740,000 General Obligation Temporary Notes, Series 2022-1

For the aggregate principal amount of \$740,000.00, we will pay you \$740,947.20, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate:

Maturity Date	Amount \$	Coupon %	Yield %	Dollar Price
02/15/2024	740M	1.5000	0.5000	101.103
Total Interest Cost:				\$23,402.50
Premium:				\$947.20
Net Interest Cost:				\$22,455.30
NIC:				1.439289
Time Last Bid Received On:12/16/2021 9:06:22 CST				

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Oppenheimer & Co., Inc., Philadelphia , PA
 Contact: Darren Smith
 Title: Executive Director
 Telephone:215-656-2893
 Fax: 215-656-2896

Issuer Name: City of Caney Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

EXHIBIT D

DESCRIPTION OF PROPERTY COMPRISING THE FINANCED IMPROVEMENTS

\$740,000
CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1
DATED JANUARY 6, 2022

Description	Date Placed in Service	Estimated Useful Life	Total Cost*
<i>Series 2020-1 Notes</i>			
Public building improvements -Grocery Store	12/2020	30 years	\$740,000
<i>Amount Financed from the Notes and the Refunded Notes</i>			\$740,000

*includes costs of issuance and related financing costs

EXHIBIT E

FORM OF ANNUAL COMPLIANCE CHECKLIST

\$740,000

CITY OF CANEY, KANSAS

GENERAL OBLIGATION TEMPORARY NOTES

SERIES 2022-1

DATED JANUARY 6, 2022

The Bond Compliance Officer is the person that the Issuer has identified in the Tax Compliance Procedure who is primarily responsible for working with other Issuer officials, departments and administrators and for consulting with Bond Counsel, other legal counsel and outside experts to the extent necessary to carry out the Post-Issuance Tax Requirements for the Notes. On the Issue Date, the Issuer identified certain assets financed in whole or in part by the Notes (the "Financed Improvements"), as evidenced on *Exhibit D* to the Federal Tax Certificate. Please complete this checklist within 90 days after the conclusion of the Issuer's Fiscal Year. Should you have questions or need assistance in completing the checklist, please contact Bond Counsel at the address below. A completed copy of this annual checklist should be placed in the Tax-Exempt Bond File and retained in the Issuer's permanent records for at least 3 years after the final maturity of (1) the Notes or (2) any obligation issued to refund the Notes.

Bond Compliance Officer Name: [_____]

Bond Compliance Officer Signature: [_____]

Date of Report: [_____]

Annual Period Covered by Report: [_____]

****If the answers to any of the following questions identify any compliance deficiencies, the Bond Compliance Officer should immediately contact Bond Counsel and take actions required in the Tax Compliance Procedure.****

Item	Question	Response
1 Ownership	Were all of the Financed Improvements owned by the Issuer during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "No," was advice of Bond Counsel obtained prior to the transfer? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Financed Improvements leased at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was advice of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Improvements (e.g., cafeteria, gift shop, etc.) been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was advice of Bond Counsel obtained prior to entering into the management agreement? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Improvements?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was advice from Bond Counsel obtained prior to entering into the agreement? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
5 Proceeds & Investments	Have any Gross Proceeds of the Notes been invested in a Guaranteed Investment Contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Has the Issuer entered into an Interest Rate Swap Agreement with respect to the Notes?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Has any sinking or reserve fund for the payment of the Notes been established (other than funds and accounts created in the Note Resolution)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Have any of the Notes been redeemed or refunded in advance of their scheduled maturities?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer to any of the above questions was "Yes," notify Bond Counsel with such information and place a copy of documentation in the Tax-Exempt Bond File.	
6 Arbitrage & Yield Restriction	Has the Issuer set aside money in any fund or account in excess of an amount needed to pay debt service on the Notes within the next 12 months (i.e. is more than one year of debt service pre-funded)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If Yes, contact Bond Counsel and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

Bond Counsel:

Gilmore & Bell, P.C.
 100 N. Main, Suite 800
 Wichita, Kansas 67202
 Phone: (316) 267-2091
 Attn: Garth J. Herrmann
 Email: gherrmann@gilmorebell.com

SCHEDULE 1

DEBT SERVICE SCHEDULE AND PROOF OF YIELD

CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

Sources & Uses

Dated 01/06/2022 | Delivered 01/06/2022

Sources Of Funds

Par Amount of Bonds	\$740,000.00
Total Sources	\$740,000.00

Uses Of Funds

Total Underwriter's Discount (0.526%)	3,892.40
Costs of Issuance	21,338.71
Deposit to Redemption Fund	714,768.89
Total Uses	\$740,000.00

This information is provided based on the factual information and assumptions provided to Gilmore & Bell, P.C. by a party to or a representative of a party to the proposed transaction. This information is intended to provide factual information only and is provided in conjunction with our legal representation. It is not intended as financial advice or a financial recommendation to any party. Gilmore & Bell, P.C. is not a financial advisor or a "municipal advisor" as defined in the Securities Exchange Act of 1934, as amended.

CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

Proof Of Bond Yield @ 0.5499528%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
01/06/2022	-	1.0000000x	-	-
08/15/2022	2,475.92	0.9966646x	2,467.66	2,467.66
02/15/2023	2,035.00	0.9939315x	2,022.65	4,490.31
08/15/2023	2,035.00	0.9912060x	2,017.10	6,507.42
02/15/2024	742,035.00	0.9884879x	733,492.58	740,000.00
Total	\$748,580.92	-	\$740,000.00	-

Derivation Of Target Amount

Par Amount of Bonds	\$740,000.00
Original Issue Proceeds	\$740,000.00

CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
02/15/2024	Serial Coupon	0.550%	0.550%	740,000.00	100.000%	740,000.00
Total	-	-	-	\$740,000.00	-	\$740,000.00

Bid Information

Par Amount of Bonds	\$740,000.00
Gross Production	\$740,000.00
Total Underwriter's Discount (0.526%)	\$(3,892.40)
Bid (99.474%)	736,107.60
Total Purchase Price	\$736,107.60
Bond Year Dollars	\$1,560.17
Average Life	2.108 Years
Average Coupon	0.5500002%
Net Interest Cost (NIC)	0.7994864%
True Interest Cost (TIC)	0.8020323%

CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/06/2022	-	-	-	-	-
08/15/2022	-	-	2,475.92	2,475.92	-
02/15/2023	-	-	2,035.00	2,035.00	4,510.92
08/15/2023	-	-	2,035.00	2,035.00	-
02/15/2024	740,000.00	0.550%	2,035.00	742,035.00	744,070.00
Total	\$740,000.00	-	\$8,580.92	\$748,580.92	-

Yield Statistics

Bond Year Dollars	\$1,560.17
Average Life	2.108 Years
Average Coupon	0.5500002%
Net Interest Cost (NIC)	0.7994864%
True Interest Cost (TIC)	0.8020323%
Bond Yield for Arbitrage Purposes	0.5499528%
All Inclusive Cost (AIC)	2.2139845%

IRS Form 8038

Net Interest Cost	0.5500002%
Weighted Average Maturity	2.108 Years

CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2022-1

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Coupon	Price	Issuance Price	Exponent	Bond Years
01/06/2022	-	-	-	-	-	-
02/15/2024	740,000.00	0.550%	100.000%	740,000.00	2.1083333x	1,560,166.67
Total	\$740,000.00	-	-	\$740,000.00	-	\$1,560,166.67

Description of Bonds

Final Maturity Date	2/15/2024
Issue price of entire issue	740,000.00
Stated Redemption at Maturity	740,000.00
Weighted Average Maturity = Bond Years/Issue Price	2.108 Years
Bond Yield for Arbitrage Purposes	0.5499528%

Uses of Proceeds of Issue

Proceeds used for accrued interest	-
Proceeds used for bond issuance costs (including underwriters' discount)	25,231.11
Proceeds used for credit enhancement	-
Proceeds allocated to reasonably required reserve or replacement fund	-



One Main Place - 100 North Main, Suite 800
Wichita, Kansas 67202-1311

(316) 267-2091 / (316) 262-6523 FAX / gilmorebell.com

January 6, 2022

Governing Body
City of Caney, Kansas

Northland Securities, Inc.
Minneapolis, Minnesota

Re: \$740,000 General Obligation Temporary Notes, Series 2022-1, of the City of Caney, Kansas, Dated January 6, 2022

We have acted as Bond Counsel in connection with the issuance by the City of Caney, Kansas (the "Issuer"), of the above-captioned notes (the "Notes"). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the resolution adopted by the governing body of the Issuer authorizing the issuance and prescribing the details of the Notes.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Notes have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.
2. The Notes are payable as to both principal and interest from general obligation bonds of the Issuer and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent that necessary funds are not provided from other sources.
3. The interest on the Notes is: (a) excludable from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Notes are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). We express no opinion regarding other federal tax consequences arising with respect to the Notes.

4. The interest on the Notes is exempt from income taxation by the State of Kansas.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Notes (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth in this opinion.

The rights of the owners of the Notes and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.



GJH:rrd

 GILMORE BELL

Method of Transfer:

1 At 8:00 a.m. on Thursday, January 6, 2022, Northland Securities, Inc. will wire transfer FEDERAL FUNDS to the State Treasurer in the amount of \$ 714,768.89 (the Redemption Fund/a portion of the Total Purchase Price, as calculated above)

1 Wire Instructions

U.S. Bank N.A.
 ABA #
 Account Name: State Treasurer's Operating Account
 For further credit to account
 Reference: City of Caney, KS GO Temp Notes, Series 2020-1
 Please contact Beth Warren at 316 264 3400 upon completion of the wire.

2 At 8:00 a.m. on Thursday, January 6, 2022, Northland Securities, Inc. will wire transfer FEDERAL FUNDS to the City in the amount of \$ 21,338.71 (the remaining portion of the Total Purchase Price)

2 Wire Instructions

Community National Bank & Trust (Caney, KS)
 ABA #
 For Credit to: City of Caney
 Account #
 Reference: City of Caney, Kansas GO Temp Notes, Series 2022-1
 Please contact Beth Warren at 316 264 3400 upon completion of the wire.

3 The City will use the funds from the wire received, detailed above, to pay the Costs of Issuance, detailed below.

Certificates:

Notes should be mailed to DTC in time to arrive at least 1 day prior to closing

Costs of Issuance:

Invoices for payment of approved costs of issuance should be forwarded to Debbie Morrison, City Clerk, City of Caney

<u>Estimated Issuance Expenses</u>		
Financial Advisor	\$	7,450.00
Bond Counsel		3,900.00
POS/Official Statement		2,000.00
Paying Agent		600.00
Attorney General		250.00
CUSIP		193.00
Miscellaneous		6,945.71
Total Estimated	\$	21,338.71

**CITY OF CANEY, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2022-1**

DISTRIBUTION LIST

ISSUER	BOND COUNSEL
<p>CITY OF CANEY, KANSAS 100 W. 4th Avenue P.O. Box 129 Caney, Kansas 67333 Telephone: (620) 879-2772 Fax: (620) 879-9808</p> <p>Fred Gress, City Administrator E-mail: fgress@caney.kscoxmail.com</p> <p>Debbie Morrison, City Clerk E-mail: cityclerk@caney.kscoxmail.com</p>	<p>GILMORE & BELL, P.C. 100 N. Main, Suite 800 Wichita, Kansas 67202 Telephone: (316) 267-2091 Fax: (316) 262-6523</p> <p>Garth J. Herrmann, Esq. E-mail: gherrmann@gilmorebell.com</p> <p>Dominic L. Eck, Esq. E-mail: deck@gilmorebell.com</p> <p>Robyn R. Dunlap, Legal Practice Coordinator E-mail: rdunlap@gilmorebell.com</p> <p>Riley D. Babbidge, Legal Administrative Assistant E-mail: rbabbidge@gilmorebell.com</p> <p>2405 Grand Boulevard, Suite 1100 Kansas City, Missouri 64108-2521 Telephone: (816) 221-1000 Fax: (816) 221-1018</p> <p>Meghan K. McKernan, Esq. E-mail: mmckernan@gilmorebell.com</p> <p>Heather League, Legal Assistant E-mail: hleague@gilmorebell.com</p>
ISSUER'S COUNSEL	
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