

2020

CITY OF DERBY Comprehensive Annual Financial Report

*For the year ended
December 31, 2020*



CITY OF DERBY, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Prepared by:

Finance Department
City of Derby, Kansas

CITY OF DERBY, KANSAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended December 31, 2020

TABLE OF CONTENTS

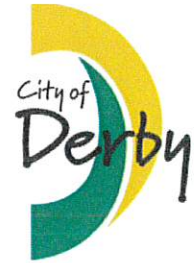
	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i - ix
Organizational Structure	x
List of Elected and Appointed Officials	xi
Certificate of Achievement for Excellence in Financial Reporting	xii
FINANCIAL SECTION:	
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	21 - 22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Derby Difference Sales Tax Fund	23
Statement of Net Position – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26 - 27
Notes to Basic Financial Statements	28 - 68
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Collective Net Pension Liability – Kansas Public Employees Retirement System	69
Schedule of the City's Contributions – Kansas Public Employees Retirement System	70
Schedule of Changes in the City's Total OPEB Liability and Related Ratios – Health Insurance	71
Schedule of Changes in the City's Total OPEB Liability and Related Ratios – Disability Benefits and Life Insurance	72

CITY OF DERBY, KANSAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended December 31, 2020

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Other Supplementary Information:	
Combining Balance Sheet – General Fund	73
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) – General Fund	74 - 75
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Derby Senior Activity Board	76
Combining Balance Sheet – Nonmajor Governmental Funds	77 - 78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	79 - 80
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Special Street and Highway Fund	81
Special Parks and Recreation Fund	82
Special Drug and Alcohol Fund	83
Library Fund	84
Library Employee Benefits Fund	85
Aquatic Park Fund	86
Debt Service Fund	87
Balance Sheet – Discretely Presented Component Unit	88
Statement of Revenues, Expenditures and Changes in Fund Balance – Discretely Presented Component Unit	89
STATISTICAL SECTION:	
Net Position by Component	90
Changes in Net Position	91 - 92
Fund Balances, Governmental Funds	93
Changes in Fund Balances, Governmental Funds	94
Assessed Value and Estimated Actual Value of Taxable Property	95
Direct and Overlapping Property Tax Rates	96
Principal Property Tax Payers	97
Property Tax Levies and Collections	98
Legal Debt Margin Information	99
Ratios of Outstanding Debt by Type	100
Ratios of General Bonded Debt Outstanding	101
Governmental Activities Direct and Overlapping Debt	102
Demographic and Economic Statistics	103
Principal Employers	104
Full-Time Equivalent City Government Employees by Function	105
Operating Indicators by Programming Year	106
Capital Asset Statistics by Program/Function	107

May 4, 2021



TO THE CITIZENS OF THE CITY OF DERBY, KANSAS
HONORABLE MAYOR AND CITY COUNCIL

The Comprehensive Annual Financial Report of the City of Derby, Kansas for the fiscal year ended December 31, 2020 is hereby submitted for your review. Responsibility for the accuracy of the data presented, the completeness and fairness of the presentation, including all disclosures, rests with the City. A comprehensive framework of internal control has been established but because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Kansas statutes require an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants. The firm of BT&Co., P.A. has performed the audit this year, and their report on the December 31, 2020 financial statements is located at the front of the Financial Section and in the compliance section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The Reporting Entity and Its Services

The City of Derby, Kansas is in Sedgwick County, located approximately three and one-half miles south of Wichita in south central Kansas. The City encompassed approximately 10.3 square miles and had an estimated population in 2020 of 24,943.

The City was incorporated in 1869 and operates under the Mayor-Council-Manager form of government. The eight Council members are elected by ward and serve four-year terms. The Mayor is elected at large for a four-year term, has veto power over certain Council actions, presides over Council meetings and appoints certain City officials, subject to Council approval. The City Manager is appointed by the governing body and is charged with the efficient and effective administration of the City.

All funds and entities related to the City of Derby are included in the annual financial report. The City provides a full range of services, which include public safety (police and fire); public utilities (water distribution, stormwater system maintenance, and wastewater collection and treatment); public works (streets, parks, and vehicle maintenance) and a variety of supportive administrative services.

The Derby Public Library, although a separate legal entity, is reported as a discrete component unit. A Board of Trustees, the appointees of which are approved by the City Council, governs the Library. The Library is not a separate taxing entity under state statutes, and the City levies taxes for the Library operation, which represents a significant portion of its total revenues.

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), debt service funds, and enterprise funds. Statutes require the budget to be *balanced*, meaning that estimated expenditures equal estimated revenues. A five-year Capital Improvement Plan is also adopted by the City Council, and the first year of that plan is included in the operating budget.

All budgets are prepared using the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments evidenced by documents such as purchase orders and contracts in addition to disbursements and accounts payable are all recorded as expenditures although the actual funds have yet to be released to the billing source. Furthermore, the statutes provide for a public hearing on or before August 15th of each year and adoption of a final budget on or before August 25th of each year.

Supplemental appropriations and transfers among budget categories occasionally modify original appropriations, but in order to exceed the total appropriation of a fund, an amendment must be approved by the City Council. To amend the budget, the proposed amendment must appear in the official City newspaper at least 10 days prior to a public hearing. Citizens also may address the City Council prior to the hearing. After the hearing, the Council may then vote to amend the budget. Approved amendments are then submitted to the Kansas Division of Accounts & Reports for recording.

Economic Condition and Outlook

Derby, the 16th largest city in Kansas, is part of the Wichita Metropolitan Statistical Area (MSA) that includes Sedgwick, Butler, Harvey, Kingman and Sumner counties. Together this region's population totals nearly 644,000 residents.

Derby supports more than 570 businesses, ranging from modest home-based businesses to companies like BRG Precision Products, manufacturer of electronics and custom digital clocks, and Mid Continent Controls, manufacturer of cabin management and in-flight entertainment systems for business jets. The City's economy is strongest in the construction industry, followed closely by retail, finance/insurance/real estate, and health-care related activities. Aircraft manufacturers Spirit AeroSystems and Textron Aviation (Cessna and Beechcraft) provide jobs for a significant portion of the community's residents, as does Derby Public Schools.

Derby's strong pattern of residential growth continues to attract restaurants, retailers, and educational institutions. Derby Marketplace continues to be anchored by major retailers Target and Dillon's Marketplace, along with Petco, Hobby Lobby, TJ Maxx, Ross Dress for Less, Chick-Fil-A, Discount Tire and other retailers and service providers. With nearly 600,000 square feet of retail space, the Derby Marketplace will continue to expand as leases are signed with restaurants and retailers. While the long-term financial effects of the pandemic are not known at this time, it is expected that businesses throughout the City will recover and will contribute to city-wide sales tax revenue in 2021 and stable property tax revenue in 2022 which helps fund most other City services, as well as programs of the Derby Recreation Commission.

Rock Regional Hospital, a 90,000 square-foot acute care hospital opened in April 2019, and is located immediately north of Field Station: Dinosaurs (a privately owned entertainment destination for kids ages 3 – 11).

A second phase of \$14.375 million Sales Tax Special Obligation Revenue Bonds (STAR Bonds) was issued in June 2020 to build an indoor rock-climbing facility, an outdoor covered BMX bike facility and infrastructure along north Rock Road. Proceeds from the 2017 and 2020 series of bonds will also be used for the Derby Sports Zone, a multi-sport attraction featuring indoor and outdoor courts for racquet sports and volleyball, and infrastructure mostly east of Rock Road. Continued commercial development is expected in the future along Rock Road, Patriot, and K-15 Highway, as well as in the West End Business Park and Derby Corporate Park.

The 2020 assessed valuation which funds the 2021 operating budget, grew by 6.5%. Residential building permits remained strong in 2020 due to construction in the Courtyards at the Oaks, Northbrook and Madison Garden Villas Additions. The value of residential building permits jumped 38% compared to 2019 and is expected to continue with moderate growth. Non-residential building permits dropped because 2019 was higher than normal with the permits for construction of a new elementary school and Derby Public Schools Administrative Center. With the growth in commercial businesses and residential permits mentioned above, the assessed valuation should continue to increase in the near future.

The City's share of the countywide retail sales tax grew 3.7% in 2020, which is the second largest source of revenue for the General Fund. The city-wide retail sales tax grew 5.4% in 2020 due to continued expansion of Derby's retail offerings and compensating use tax.

In October 2013, Derby voters once again approved a ½-cent city-wide sales tax initiative, the Derby Difference Sales Tax. At that time, the ½ cent city-wide sales tax had been dedicated to operation of a public library constructed in 2009 and retirement of the associated debt. The Derby Difference Sales Tax became effective January 1, 2015, upon sunset of the library sales tax on December 31, 2014. The Derby Difference Sales Tax is now used for development of parks and operations of the public library and fire & rescue department.

Derby's economic outlook remains positive as modest growth is projected for the next several years. Spirit Aero Systems, the state's largest employer and located in close proximity to Derby, worked through re-certification of their 737 MAX airplane. The company has adjusted their

workforce, but is also looking to the future by diversifying its customers beyond Boeing. When Spirit expands production, many local subcontractors and other employers will begin hiring so they can keep up with Spirit's demands.

In 2016, McConnell Air Force Base was designated the main operations base for KC-46A tankers. The base is in a position to be a key factor in the Air Force's plans for decades to come, which has a stabilizing effect on a major segment of the regional economy. MAFB contributes more than \$600 million in annual economic activity to the Wichita MSA. Overall, employment in the Wichita MSA appears to have stabilized from the pandemic, and retail sales tax receipts were positive in 2020 and appear to continue to be strong going forward.

Major Initiatives

Located on the south edge of Derby, Decarsky Park (63 acres) houses a new ballfield complex (opened May 2021) and dog park (opened October 2020). Part of the initial phase of this park is funded by a ½ cent city-wide retail sales tax, the Derby Difference, as mentioned in the previous section. Proceeds of this sales tax funded \$8.0 million for Madison Avenue Central Park (opened in 2016), and \$3.395 million for Decarsky Park. Additional bonds (\$2.16 million) were issued in 2019 for construction of the first phase. The Derby Recreation Commission will reimburse the City for debt payments on a portion of those bonds (\$550,000) to contribute the cost of one ballfield to attract larger ball tournaments, which will in turn generate sales tax revenue.

In 2021, Market Street, from the Arkansas River to K-15, will be reconstructed to improve the safety and condition of city streets in an important industrial area. The \$310,000 cost of this project was included in the 2020-A series of bonds to streamline financing efforts.

The K15 Area Plan Phases 1 and 2 are being designed at a cost of \$405,000 to improve traffic flow and business growth along the K-15 corridor. This project will involve reconstruction of the intersection at Nelson Drive and Patriot, with more information in the following section.

Development of a master plan of the wastewater treatment plant is underway, with design of the improvements to begin in 2021. Construction of plant improvements will be done in phases over multiple years. The Capital Improvement Plan in the 2021 Budget includes an estimate of \$10 million for construction of the initial phases beginning in 2022, but construction costs will change once the master plan is completed.

Design of a water treatment facility at an estimated cost of \$1.5 million is planned to begin in 2021. Due to the size of the project, design will occur in phases over multiple years. Prior to connection to the City of Wichita water system, Derby supplied water to its residents from wells outside of the City. El Paso Water Company still owns those water rights so in 2020, the contract with the City of Wichita was renewed and amended to include the option for Derby to use those water rights by building its own water treatment plant, therefore reducing the volume of water purchased wholesale from the City of Wichita. Construction of the plant is planned in 2023 for \$17.0 million, but the cost will likely change once design begins.

Long-term Financial Planning

Because Derby is growing at a moderate yet steady pace, infrastructure to new growth areas is required on a continual basis. At the same time, reinvestment in existing infrastructure is needed to ensure systems operate at optimal levels.

With annual budget constraints, there are few opportunities to use the operating budget to finance the required investment in infrastructure construction. The primary method of financing infrastructure upgrades and new construction is issuance of long-term bonds. These bonds come in the form of General Obligation, Revenue, and Special Assessment bonds.

According to state law, cities of the First Class, such as Derby, may issue longer-term debt not to exceed 30 percent of total assessed valuation; however, such projects as sanitary sewer and water lines and certain intersection improvements do not count against the total “debt lid.” As of December 31, 2020, Derby had outstanding debt of \$74,130,000. When exempt projects are taken into consideration, Derby had additional debt capacity of approximately \$46.2 million.

The City Council had for many years an unofficial policy that direct debt, as a percentage of Assessed Valuation should not exceed 20%. In 2009, that practice was ratified with adoption of the City’s Debt Management Policy. The City Council temporarily exceeded the 20% limit to issue financing for projects authorized by the voters, such as construction of an aquatic park in 2003, a new public library in 2009 and most recently, construction of Madison Avenue Central Park and Decarsky Park. Derby’s ratio of direct debt as a percentage of assessed valuation as of December 2020 was 13.82% and is now in compliance with city policy.

Effective in 2017, Charter Ordinance 54 exempted the City from non-uniform statutes relating to public improvements and the issuance of bonds for certain improvements. Projects financed under authorization of Charter Ordinance 54 are not included in the calculation of direct debt as a percentage of assessed valuation. Charter Ordinance 54 provided the statutory authorization for \$4.4 million of bonds issued to construct Warren Riverview Park, \$6.1 million of bonds for Fire Station 81 and \$2.3 million of bonds for Decarsky Park. Once those bonds are included in the calculation, the ratio of direct debt as a percentage of assessed valuation rises to 17.93%, still within the 20% policy limit.

2020 was an important year in the history of Derby as it became a city of the first class on November 11, 2020 pursuant to a Proclamation by Governor Laura Kelly. Charter Ordinance 56 was subsequently adopted November 24, 2020, which generally authorizes issuance of general obligation bonds without an election for the financing of public improvement, vehicle, property and other municipal functions.

The following chart incorporates debt to be issued to finance CIP projects in 2021 and beyond with existing outstanding bond issues. This chart illustrates an increase in total debt followed by a gradual reduction after 2024.

In 2022, an intersection is planned to be constructed at Nelson Drive and Patriot Avenue, which

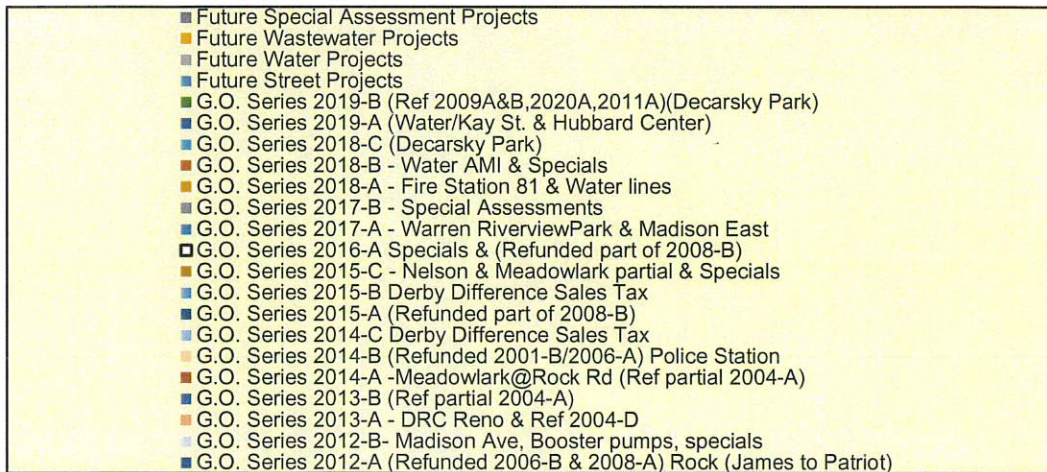
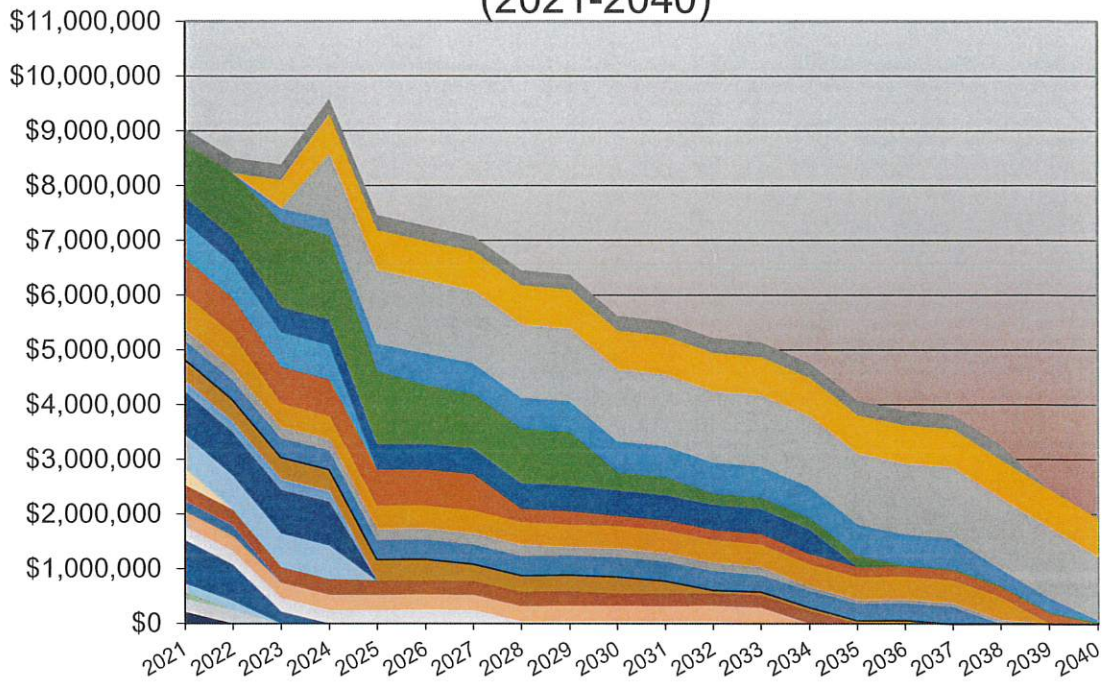
will enable more commercial development along Patriot and enhance traffic safety. A Tax Increment Financing (TIF) District is planned to finance the \$2.3 million project.

As mentioned in the prior section, development of a master plan of the wastewater treatment plant is underway. Design of the improvements is being paid with cash, whereas construction of the plant improvements will be financed with bonds paid for with sanitary sewer system revenue. Likewise with the water treatment plant, the design will be paid with cash, and construction of the plant will be financed with bonds paid for with water system revenue.

While there are several smaller infrastructure projects included in the following chart, payment of debt is expected to outpace issuance of new debt, which will allow the City's debt load to diminish.

Much of Derby's outstanding debt has offsetting revenues paid through special assessments, Derby Recreation Commission rent payments, and dividend transfers from El Paso Water Company. Dividends received from El Paso Water Company are a reimbursement for principal and interest paid out of the City's Bond and Interest Fund. The following chart shows a snapshot of the level of adjusted debt service which is the balance of the debt service once offsetting revenues are deducted.

General Obligation Debt Service Schedule (2021-2040)



Bond and Interest Fund Annual Debt Service less Offsetting Revenue



Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Derby for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2019. This is the 12th year that the City has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the program's requirements, and we will submit it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA Distinguished Budget Presentation award for annual budgets for the years 2005 through 2021. In order to qualify for the award, the City's budget document was judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Preparation of this report would not have been possible without the dedicated service of the staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to preparation of this report. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of City finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Kathleen B. Sexton".

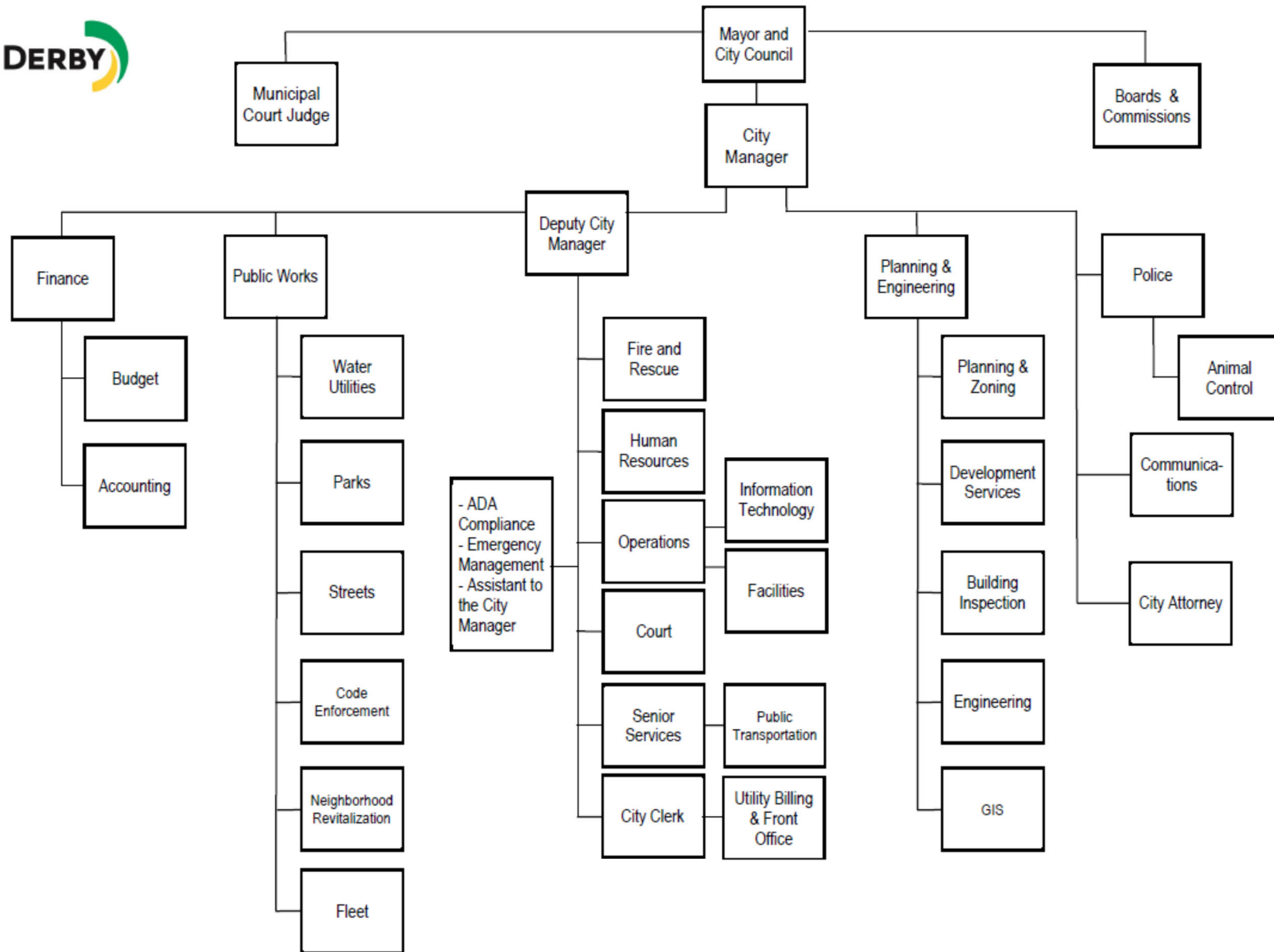
Kathleen B. Sexton
City Manager

A handwritten signature in blue ink, appearing to read "Kiel Mangus".

Kiel Mangus
Deputy City Manager

A handwritten signature in blue ink, appearing to read "Jean Epperson".

Jean Epperson
Director of Finance



City of Derby, Kansas
List of Elected and Appointed Officials
December 31, 2020

Elected Officials

Mayor	Randy White	At-Large
Council President	John McIntosh	Ward IV
Councilmember	Rocky Cornejo	Ward I
Councilmember	Tom Keil	Ward I
Councilmember	Vaughn G. Nun	Ward II
Councilmember	Jack Hezlep	Ward II
Councilmember	Andrew Swindle	Ward III
Councilmember	Nick Engle	Ward III
Councilmember	Jenny Webster	Ward IV

Appointed Officials

City Manager	Kathleen B. Sexton
Deputy City Manager	Kiel Mangus
Director of Finance	Jean Epperson
City Attorney	Jacqueline R. Butler
Director of Operations	Ted Austin
Chief of Police	Robert Lee
Director of Public Works	Robert Mendoza
Director of Planning & Engineering	Daniel J. Squires
Fire Chief	John Turner
Communications Director	Kristy Bansemer
Director of Human Resources	Jenny Turner



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Derby
Kansas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Derby, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Derby, Kansas (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 City'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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and Derby Difference Sales Tax fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules and statements listed under supplementary information in the accompanying table of contents and other information, including the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules and statements listed under supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules and statements listed under supplementary information in the accompanying table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BT & Co., P.A.

Topeka, Kansas
May 4, 2021

Management's Discussion and Analysis

This section of the annual financial report provides an overview and analysis of the financial activities during the fiscal year that ended December 31, 2020. Please read it in conjunction with the City's financial statements which follow this section.

Financial Highlights

- Assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of 2020 by \$161,228,533. Of this amount, \$19,287,451 of unrestricted net position may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$3,658,410, or 2.3%, from \$157,570,123 at year-end 2019.
- At year-end 2020, the City of Derby's governmental funds reported combined ending fund balances of \$31,500,573, an increase of \$2,620,443 or 9.1%.
- At the end of 2020, the budgetary fund balance for the general fund was \$13,001,644 or 76.5% of the general fund non-GAAP budgetary expenditures.
- The City's total bonded debt increased by \$1,239,600 during 2020 to \$75,038,800.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities is focused on both the gross and net cost of various functions (including governmental, business-type and component unit), which are supported by the City of Derby's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services or subsidy to various business-type activities and/or component units.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Governmental Activities reflect the City's basic services, including general government, police, fire, public works and parks recreation. Property, sales, and gasoline taxes along with franchise fees and court fees, licenses and permits finance the majority of these services. The Business-Type Activities reflect private sector type operations (sewer, water and stormwater utilities), where the fee for service typically covers all or most of the cost of operation, including depreciation.

The government-wide financial statements include not only the City of Derby itself (known as the primary government), but also a legally separate Derby Public Library for which the City of Derby is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. El Paso Water Company, Inc., although also legally separate, functions for all practical purposes as a division of the City and therefore has been included as an integral part of the primary government.

The government-wide statements can be found on pages 15-16 of the audited financial statements.

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds – not the City as a whole. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories – governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effects of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Derby maintains 19 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Derby Difference Sales Tax Fund which are considered to be major funds. In addition, six funds are presented in the combining statements of the General Fund on pages 73-75 of this report. Data from the other nine funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 – 23 of this report.

Proprietary Funds – Services for which the City charges customers a fee are generally reported in proprietary funds. The sewer, water and stormwater utilities comprise the proprietary funds for the City of Derby. Proprietary funds, like the government-wide statement, provide both long- and short-term financial information. The basic proprietary fund financial statements can be found on pages 24 – 27 of this financial report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 – 68 of this financial report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's net pension liability and other post-employment benefits and *other supplementary information* such as the combining statements of the non-major governmental funds and the fund financial statements of the discretely presented component unit, the Derby Public Library.

Governmental-Wide Financial Analysis

Net position may serve as a useful indicator over time of a government's financial position. Assets and deferred outflows of resources of the City of Derby exceeded liabilities and deferred inflows of resources by \$161,228,533 as of December 31, 2020.

The City's investment in capital assets consists of land, buildings, equipment, construction in progress and infrastructure, less any outstanding debt used to acquire those assets and accumulated depreciation of existing capital assets. The City of Derby uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The largest portion of net position, \$109,526,827 or 67.9%, is the investment in capital assets net of related debt. The next largest portion, \$32,414,255 or 20.1% of the City's net position, is restricted due to project financing or bond covenants. The remaining balance of \$19,287,451 or 12.0% is unrestricted, which may be used to meet the city's ongoing obligation to citizens and creditors.

Current and other assets increased by \$5,180,434 or 5.9% largely due to an increase in restricted cash held in escrow for a crossover advance bond refunding and STAR Bond proceeds. Capital assets, net of accumulated depreciation, increased by \$115,632 or 0.1% as building of infrastructure such as streets, water and sewer lines to serve residential and commercial development and city facilities grew at the same pace as depreciation. The deferred outflows of resources increased by \$2,275,269 primarily due to an increase in the KPERS liability. The increase in total liabilities in 2020 was primarily due to an increase in long-term liabilities. Long-term liabilities increased by \$4,887,613 due to the issuance of more bonds and temporary notes than were redeemed, and an increase in net pension liability. However, other liabilities decreased by \$1,317,675 due to lower accounts payable at year-end.

TABLE A-1
CITY OF DERBY'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 76,776,681	\$ 73,633,330	\$ 16,056,454	\$ 14,019,371	\$ 92,833,135	\$ 87,652,701
Capital assets	142,295,582	143,369,438	32,493,497	31,304,009	174,789,079	174,673,447
Total assets	219,072,263	217,002,768	48,549,951	45,323,380	267,622,214	262,326,148
Total deferred outflows of resources	4,432,312	2,329,143	293,394	121,294	4,725,706	2,450,437
Long-term liabilities	88,836,643	83,220,337	7,620,105	8,348,798	96,456,748	91,569,135
Other liabilities	2,079,099	3,106,711	435,527	725,590	2,514,626	3,832,301
Total liabilities	90,915,742	86,327,048	8,055,632	9,074,388	98,971,374	95,401,436
Total deferred inflow of resources	12,071,149	11,712,280	76,864	92,746	12,148,013	11,805,026
Net position:						
Net investment in capital assets	83,079,651	89,103,942	26,447,176	24,317,166	109,526,827	113,421,108
Restricted	32,414,255	26,983,097	-	-	32,414,255	26,983,097
Unrestricted	5,023,778	5,205,544	14,263,673	11,960,374	19,287,451	17,165,918
Total net position	\$ 120,517,684	\$ 121,292,583	\$ 40,710,849	\$ 36,277,540	\$ 161,228,533	\$ 157,570,123

Analysis of the City's Operations – The following table (Table A-2) provides a summary of the City's operations for the year ended December 31, 2020. Derby's net position at year-end 2020 of \$161,228,533 reflects an increase of \$3,658,410 or 2.3% from \$157,570,123 at year-end 2019. Net position of the City's government-type activities decreased \$774,899 or 0.6%, primarily as the result of the transfer of \$2,774,933 of contributed capital to the business-type activities of water, sewer and stormwater. The City's net position for business-type activities grew \$4,443,309 or 12.2% as the result of increased investment in infrastructure. Additional information can be found on page 6.

TABLE A-2
CITY OF DERBY'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,566,442	\$ 3,098,252	\$ 10,620,774	\$ 9,619,249	\$ 13,187,216	\$ 12,717,501
Operating grants & contributions	2,197,598	1,472,861	-	-	2,197,598	1,472,861
Capital grants & contributions	5,055,799	2,950,330	-	35,710	5,055,799	2,986,040
General revenues:						
Property taxes	12,723,203	11,891,950	-	-	12,723,203	11,891,950
Sales tax	7,748,364	7,422,454	-	-	7,748,364	7,422,454
Franchise taxes	2,331,221	2,319,524	-	-	2,331,221	2,319,524
Excise tax	20,876	21,586	-	-	20,876	21,586
Investment earnings	476,756	1,060,534	54,962	118,579	531,718	1,179,113
Total revenues	33,120,259	30,237,491	10,675,736	9,773,538	43,795,995	40,011,029
Expenses:						
General government	7,354,943	7,661,796	-	-	7,354,943	7,661,796
Public safety	8,428,244	7,785,647	-	-	8,428,244	7,785,647
Public works	7,333,085	6,781,124	-	-	7,333,085	6,781,124
Culture & recreation	5,384,947	2,031,318	-	-	5,384,947	2,031,318
Economic development	346,334	385,028	-	-	346,334	385,028
Interest on long-term debt	2,272,672	2,302,615	-	-	2,272,672	2,302,615
Sewer system	-	-	2,905,321	2,429,493	2,905,321	2,429,493
Water system	-	-	5,578,717	7,351,896	5,578,717	7,351,896
Stormwater system	-	-	533,322	551,061	533,322	551,061
Total expenses	31,120,225	26,947,528	9,017,360	10,332,450	40,137,585	37,279,978
Increases (decreases) in net position						
before transfers	2,000,034	3,289,963	1,658,376	(558,912)	3,658,410	2,731,051
Transfers	(2,774,933)	(996,301)	2,774,933	996,301	-	-
Increase (decrease) in net position	(774,899)	2,293,662	4,433,309	437,389	3,658,410	2,731,051
Net position, beginning of year	121,292,583	118,998,921	36,277,540	35,840,151	157,570,123	154,839,072
Net position, end of year	\$ 120,517,684	\$ 121,292,583	\$ 40,710,849	\$ 36,277,540	\$ 161,228,533	\$ 157,570,123

Key elements of the change in net position are as follows:

- Charges for services overall increased by \$469,715 or 3.7%.
 - Government-type charges for services decreased by \$531,810 due primarily to a decrease in the value of building permits, plan review fees, fuel receipts and aquatic park fees.
 - While residential and commercial construction remained healthy in 2020, building permits and plan review fees were \$216,558 lower, partially due to construction of new school facilities in 2019.
 - Fuel purchased by the Derby School District was \$70,352 lower due to decreased transportation of students as in-home learning increased due to the pandemic. The City purchases fuel for the Derby School District, Derby Recreation Commission and City, with each entity paying for their portion of fuel used.
 - Aquatic park fees were also lower as a result of the pandemic as park capacity was restricted in order to follow social distancing protocols.
 - The increase in business-type revenues of \$1,001,525 or 10.4% occurred primarily due to an increase in water rates to offset the wholesale cost of water and increased consumption.

- Operating grants and contributions increased by \$724,737 or 49.2% due to the CARES Act grant funding.
- Capital grant revenues of both governmental activities and business-type activities increased in 2020 by \$2,069,759 or 69.3%. Governmental capital grant revenues of \$5,055,799 consist primarily of \$4,756,056 of special assessments for infrastructure to serve properties throughout the City.
- Property tax revenues, our largest source of tax revenue, increased \$831,253 or 7.0%, reflecting growth in the City's assessed valuation in 2020.
- Sales tax revenues consist of a county-wide and city-wide levy and increased in total \$325,910 or 4.4%. County-wide sales tax receipts increased 3.7%, and city-wide receipts grew 5.4%.
- Interest earnings on the City's idle funds decreased by \$647,395 overall as the rate on short-term investments declined.
- General government expenses decreased \$306,853 or 4.0% primarily due to cost saving measures implemented in anticipation of adverse effects on revenue in the pandemic. Most of the savings were achieved through voluntary personnel furloughs, travel reductions, deferred filling of staff positions and deferral of equipment purchases.
- Public safety expenses increased \$642,597 or 8.3% due to increased wages and benefits and equipment purchases.
- Public works expenses increased \$551,961 or 8.1% primarily due to improvements to Water and Kay streets in the West End.
- Culture and recreation grew \$3,353,629 due to completion of the Hubbard Arts Center.
- Interest on long-term debt decreased by \$29,943 or 1.3% reflecting lower interest rates.
- Sewer utility expenses increased \$475,828 or 19.6% due to deferral of a maintenance project from 2019 to 2020.
- Water utility expenses decreased \$1,773,179 or 24.1% due to completion of the Advanced Metering Infrastructure (AMI) project in 2019 which replaced approximately 75% of residential water meters in the system.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds – The focus of the City of Derby's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the City of Derby's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Derby itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Derby governing body.

At December 31, 2020, the combined fund balance for governmental funds increased \$2,620,443 or 9.1% to \$31,500,573. Approximately 39.7% of this amount or \$12,519,786 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is (1) not in spendable form such as inventories of \$257,620 or 0.9%, (2) restricted for particular purposes totaling \$15,853,031 or 50.3%, and (3) assigned for particular purposes such as equipment, capital improvements or operation of the aquatic park, of \$2,870,136 or 9.1%. The restricted fund balance is primarily designated for capital

improvements, park construction, library operations, fire & rescue operations, debt service and maintenance and construction of streets and sidewalks.

Property taxes of \$12,723,203 represent the largest single source, comprising 39.6% of governmental activity revenue for the City. Taxes on retail sales in the amount of \$7,748,364 are the next largest source of revenue at 24.1% of the City's revenues. Special assessments of \$3,895,582 pay the debt service for infrastructure to serve various properties and represent 12.1% of the city's revenue in 2020. Franchise fees of \$2,331,221 represent 7.3% of the revenue stream, followed by intergovernmental payments of \$2,198,840 consisting of gasoline and transient guest taxes, grant and CARES Act reimbursements which represent 6.8% of the revenue stream.

The General Fund is the chief operating fund of the City of Derby. At the end of 2020, the unassigned fund balance of the General Fund was \$12,519,786. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to the total fund expenditures. The unassigned fund balance represents 69.2% of total General Fund expenditures, while the total fund balance represents 81.3% of that same amount. This percentage is unusually high due to capital projects that are planned in the near future and the assigned fund balance of \$1,927,520.

The Debt Service Fund has a restricted fund balance of \$1,221,211. The primary revenue source for this fund is special assessments, followed by ad valorem property taxes. Property taxes are levied to pay the debt associated with city-at-large improvements such as buildings and arterial roadways. The fund balance of the Debt Service Fund increased from \$947,603 in 2019 to enhance the reserve for potential increases in special assessment delinquencies due to the pandemic.

The Capital Projects Fund has a restricted fund balance of \$8,251,297. The primary source of revenue for the Capital Projects Fund is temporary financing to construct infrastructure which will be permanently financed with the issuance of long-term debt.

The Derby Difference Sales Tax Fund has a restricted fund balance of \$4,506,530. The primary source of revenue for the Derby Difference Sales Tax Fund is a ½-cent city-wide retailer's sales tax, which became effective January 1, 2015. The fund balance is restricted to three areas identified in the ballot question and subsequently approved by the voters and the City Council. The largest portion of the fund balance of \$2,216,416 is restricted for park development and payment of debt service on Madison Avenue Central Park and Decarsky Park. The next largest portion of \$1,235,001 is restricted for Derby Fire & Rescue expenses, and \$1,055,113 is for library operations.

Nine funds make up the non-major funds, the largest of which is the Aquatic Park Fund which houses the reserve for operations of the City's aquatic park.

Proprietary funds – The City's proprietary funds' financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water, Sewer and Stormwater Utilities at the end of 2020 totals \$14,255,626. As stated earlier, unrestricted net position is to be used for ongoing and future obligations and improvements to the utilities.

Total net position of the proprietary funds increased \$4,459,034 from \$36,243,768 to \$40,702,802. The increase in net position is primarily due to contribution of capital assets to the utilities and higher operating income in the water utility. Capital contributions consist of sanitary sewer, water lines and stormwater infrastructure to serve residential subdivisions throughout the city of The Oaks, Northbrook, Cedar Ranch Estates and Madison Garden Villas. Operating income in the water utility was higher as a result of higher sales due to increased consumption and a rate increase to offset the cost of wholesale water.

Beginning in 2012, the City established an internal service fund for partial self-funding of the City's health insurance program. The health insurance program activity is presented as the Internal Service fund included with the proprietary fund information. At year-end 2020, the unrestricted net position of the Internal Service Fund was \$1,699,723, an increase of \$92,397 primarily due to reimbursements of prescription drug rebates.

General Fund Budgetary Highlights

Careful monitoring of expenditures and revenues allowed Derby to carry over \$13,001,644 into 2021 (76.5% of expenditures), an increase of \$1,053,592 over the prior year carryover. The increase in carryover occurred due to higher than anticipated revenues, lower than anticipated expenses, and to provide funding for future operating needs.

The largest budget variance in revenues is intergovernmental revenue of \$886,262. Most of this variance is due to CARES Act funds of \$706,447 and a CDBG grant of \$132,000. The budget was adopted in August 2019, prior to the pandemic or any knowledge of these reimbursements. The negative budget variance in fines and fees of \$249,872, franchise tax of \$144,530, and charges for services of \$90,583 are all most likely due to the effect of the pandemic as activity for businesses and residents dropped. The budget variance in the other grouping of \$145,166 is due to receipt of a guaranty of a developer in connection with infrastructure the City will build. Derby's share of the county-wide sales tax revenue was \$136,622 higher than originally budgeted due to a positive change in the allocation ratio. County-wide sales tax revenue is distributed among the cities and county on a formula based on property taxes levied and population. Derby's proportionate share of taxes levied increased due to increased assessed valuation and population, resulting in an increased share of sales tax.

The largest budget variance in expenditures is in employee benefits of \$2,116,029. The 2020 budget was revised to allocate employee benefits to all of the respective departments in the General Fund to refine the cost to operate those departments. Unfavorable variances in the administration and operations department, finance, planning and engineering, and public works are all due to the allocation of employee benefits.

The second largest budget variance is in reimbursable expenditures of \$515,136. Most of this variance is due to the pandemic. The City received a CDBG grant of \$132,000 and subsequently distributed those funds to local businesses. Expenditures of \$267,575 were incurred for protective equipment, cleaning equipment and disinfectant to mitigate the spread of COVID-19.

The \$394,829 favorable variance in law enforcement is due to lower than expected payroll expenses and careful monitoring of expenditures. The \$205,090 favorable variance in capital outlay is due to the deferral of projects into 2021. The variance in contingencies of \$6,978,863 is the cash reserve for 2021 and future years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Derby's investment in capital assets for its governmental and business-type activities as of December 31, 2020 was \$174,789,079 net of depreciation. This investment in capital assets includes land, buildings, machinery and equipment, an aquatic park, water distribution and sewer and stormwater collection systems, infrastructure and construction in progress.

Major projects undertaken during 2020 were the infrastructure to serve new phases of The Oaks housing addition, Northbrook, Madison Garden Villas and Cedar Ranch Estates. Construction of Decarsky Park, a ballfield complex and dog park, began in 2019 and was partially completed in 2020 so is classified as construction in progress. Renovation of the Hubbard Arts Center, a project in cooperation with the Derby Recreation Commission, was completed in 2020. The Mid-Town Sanitary Sewer Lift Station was completed in 2020 also. Fire Station 81 opened in 2019 but wasn't classified as a building until 2020 due to changes to the project that were completed in 2020.

Table A-3
CITY OF DERBY'S CAPITAL ASSETS
Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 35,185,016	\$ 35,102,210	\$ 712,358	\$ 712,358	\$ 35,897,374	\$ 35,814,568
Construction in progress	6,523,487	14,363,885	759,902	1,370,789	7,283,389	15,734,674
Buildings	22,900,865	17,326,566	1,856,186	2,277,749	24,757,051	19,604,315
Improvements	9,734,906	10,044,159	-	-	9,734,906	10,044,159
Infrastructure	64,728,714	63,893,594	28,470,988	26,183,386	93,199,702	90,076,980
Machinery and equipment	3,222,594	2,639,024	694,063	759,727	3,916,657	3,398,751
Total capital assets (net)	<u>\$ 142,295,582</u>	<u>\$ 143,369,438</u>	<u>\$ 32,493,497</u>	<u>\$ 31,304,009</u>	<u>\$ 174,789,079</u>	<u>\$ 174,673,447</u>

Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Debt Administration

At year-end, the City of Derby had \$75,038,800 in bonds and notes outstanding. This is an increase of \$1,239,600 from \$73,799,200 at the end of 2019. In 2020, \$6,855,000 in temporary notes were issued to finance infrastructure in subdivisions throughout the city. Bonds totaling \$3,990,000 were issued to pay off a temporary note and provide long term financing for infrastructure in The Oaks subdivision, Northbrook and Spring Ridge Additions, plus reconstruct Market Street from Highway K-15 to the Arkansas River. Bonds totaling \$3,415,000 refunded the 2016-A Series of bonds. The bonds for Market Street will be paid with property taxes, whereas the special assessment bonds will be paid with special assessment revenue paid by the property owners. More detailed information about the City's long-term liabilities is presented in Note 10 to the financial statements.

Table A-4
CITY OF DERBY'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 62,214,497	\$ 61,527,659	\$ 5,060,503	\$ 5,897,341	\$ 67,275,000	\$ 67,425,000
Sales tax obligation bonds	908,800	529,200	-	-	908,800	529,200
Capital leases	-	-	-	-	-	-
Temporary notes	6,855,000	5,845,000	-	-	6,855,000	5,845,000
Total	<u>\$ 69,978,297</u>	<u>\$ 67,901,859</u>	<u>\$ 5,060,503</u>	<u>\$ 5,897,341</u>	<u>\$ 75,038,800</u>	<u>\$ 73,799,200</u>

The City's general obligation bond rating of AA- by Standard & Poor's was reaffirmed in 2020, with a "stable outlook" and the management score of the City of "very strong".

ECONOMIC FACTORS

With more than 570 businesses operating inside its boundaries, the City of Derby benefits from an ideal mix of service, retail, medical and manufacturing companies. More than 4,200 workers are employed at Derby firms ranging in size from 1 to 100, and Derby's strongest business sectors include construction, finance and insurance, real estate, health care and retail.

In recent years, Derby's long history of steady growth has seen it develop into a major retail trade center serving residents from the surrounding communities. Derby's conveniently located retail shopping centers have proven to be a draw for new customers from Sedgwick County, Butler, Sumner and even Cowley counties, as well as from northern Oklahoma.

Not surprisingly, the continued growth of retail development in Derby has led to increased sales tax collections and total assessed valuation. Foremost among these retail developments is Derby Marketplace, a 600,000 square foot shopping center that opened in late 2008 and is anchored by Target, Dillons Marketplace and a Hobby Lobby (2015). Along with commercial development at K-15 and Patriot Avenue currently anchored by Lowe's (2004) and Kohl's (2007), Derby's retail areas continue to provide outstanding development opportunities for the community.

Derby is located just a few miles from McConnell Air Force Base (MAFB), one of three Supertanker KC-135 Stratotanker wings in the Air Force. Team McConnell is made up of the 22nd Air Refueling Wing, the 931st Air Refueling Wing (Air Force Reserve) and the 184th Intelligence Wing (Kansas Air National Guard).

Derby's Profile

➤ Median Age (2020)	37.3 years
➤ Median Household Income (2020)	\$75,489
➤ Average Household Income (2020)	\$94,502
➤ Average New Home Value (2020)	\$295,064
➤ Housing Units (2020)	9,692
➤ Unemployment (Wichita MSA December 2020)	5.2%

Source: ESRI Market Profile with the exception of average new home value, which is City building permit data.

Similar to the rest of the country, the pandemic is expected to have an adverse impact on the local economy. It is unknown how long the adverse conditions associated with the pandemic will last or the complete financial effect on the City, so cost saving measures were undertaken in 2020.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Finance Department, 611 Mulberry, Derby, KS 67037 or by phone at (316) 788-1519.

CITY OF DERBY, KANSAS
STATEMENT OF NET POSITION
December 31, 2020

	Primary Government			Component Unit
	Governmental	Business-Type		Library
	Activities	Activities	Total	Board
Assets:				
Deposits and investments	\$ 28,294,843	\$ 14,634,500	\$ 42,929,343	\$ 492,331
Restricted cash and investments	4,169,576	-	4,169,576	-
Receivables, net of allowance for uncollectibles:				
Taxes	13,952,826	-	13,952,826	-
Special assessments	29,992,434	-	29,992,434	-
Accounts	99,997	1,371,159	1,471,156	-
Interest	17,432	-	17,432	-
Inventories	257,620	39,386	297,006	-
Prepaid items	-	3,362	3,362	37,334
Internal balances	(8,047)	8,047	-	-
Capital assets, net of accumulated depreciation, where applicable:				
Land	5,118,306	712,358	5,830,664	-
Land - right of way	30,066,710	-	30,066,710	-
Construction in progress	6,523,487	759,902	7,283,389	-
Buildings and systems	22,900,865	1,856,186	24,757,051	-
Improvements	9,734,906	-	9,734,906	-
Infrastructure	64,728,714	28,470,988	93,199,702	-
Machinery and equipment	3,222,594	694,063	3,916,657	294,126
Total assets	219,072,263	48,549,951	267,622,214	823,791
Deferred outflows of resources:				
Deferred charge on refunding	206,563	-	206,563	-
Deferred outflows - OPEB	357,218	33,452	390,670	-
Deferred outflows - pension	3,868,531	259,942	4,128,473	-
Total deferred outflows of resources	4,432,312	293,394	4,725,706	-
Liabilities:				
Accounts payable	1,062,945	333,198	1,396,143	43,866
Accrued liabilities	894,183	60,960	955,143	-
Accrued interest payable	121,971	41,369	163,340	-
Noncurrent liabilities:				
Due within one year	10,675,396	914,959	11,590,355	-
Due in more than one year	78,161,247	6,705,146	84,866,393	-
Total liabilities	90,915,742	8,055,632	98,971,374	43,866
Deferred inflows of resources:				
Deferred receivable - property taxes	11,634,871	-	11,634,871	-
Deferred charge on refunding	-	31,368	31,368	-
Deferred inflows - OPEB	192,740	19,014	211,754	-
Deferred inflows - pension	243,538	26,482	270,020	-
Total deferred inflows of resources	12,071,149	76,864	12,148,013	-
Net position:				
Net investment in capital assets	83,079,651	26,447,176	109,526,827	294,126
Restricted for:				
Debt service	17,782,435	-	17,782,435	-
Capital projects and streets	9,718,263	-	9,718,263	-
Culture and recreation	2,409,086	-	2,409,086	-
Law enforcement	150,377	-	150,377	-
Fire	1,235,001	-	1,235,001	-
Library operations	1,119,093	-	1,119,093	-
Unrestricted	5,023,778	14,263,673	19,287,451	485,799
Total net position	\$ 120,517,684	\$ 40,710,849	\$ 161,228,533	\$ 779,925

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

					Net Revenue (Expense) and Changes in Net Position			
Program Revenues					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Library Board
Primary government:								
Governmental activities:								
General government	\$ 7,354,943	\$ 1,139,593	\$ 355,634	\$ 43,577	\$ (5,816,139)	\$ -	\$ (5,816,139)	\$ -
Public safety	8,428,244	700,729	803,716	3,000	(6,920,799)	-	(6,920,799)	-
Public works	7,333,085	715,229	970,425	4,935,077	(712,354)	-	(712,354)	-
Culture and recreation	5,384,947	10,891	66,382	74,145	(5,233,529)	-	(5,233,529)	-
Economic development	346,334	-	1,441	-	(344,893)	-	(344,893)	-
Interest on long-term debt	2,272,672	-	-	-	(2,272,672)	-	(2,272,672)	-
Total governmental activities	31,120,225	2,566,442	2,197,598	5,055,799	(21,300,386)	-	(21,300,386)	-
Business-type activities:								
Sewer	2,905,321	3,290,006	-	-	-	384,685	384,685	-
Water	5,578,717	6,718,575	-	-	-	1,139,858	1,139,858	-
Stormwater	533,322	612,193	-	-	-	78,871	78,871	-
Total business-type activities	9,017,360	10,620,774	-	-	-	1,603,414	1,603,414	-
Total primary government	\$ 40,137,585	\$ 13,187,216	\$ 2,197,598	\$ 5,055,799	(21,300,386)	1,603,414	(19,696,972)	-
Component unit:								
Library Board	\$ 574,738	\$ 83,354	\$ 155,807	\$ -				(335,577)
General revenues:								
Property taxes					12,723,203	-	12,723,203	425,000
Sales taxes					7,748,364	-	7,748,364	-
Franchise taxes					2,331,221	-	2,331,221	-
Excise taxes					20,876	-	20,876	-
Unrestricted investment earnings					476,756	54,962	531,718	1,029
Transfers					(2,774,933)	2,774,933	-	-
Total general revenues and transfers					20,525,487	2,829,895	23,355,382	426,029
Change in net position					(774,899)	4,433,309	3,658,410	90,452
Net position, beginning of year					121,292,583	36,277,540	157,570,123	689,473
Net position, end of year					\$ 120,517,684	\$ 40,710,849	\$ 161,228,533	\$ 779,925

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	Major Funds					
	General*	Debt Service	Capital Projects	Derby Difference Sales Tax	Nonmajor Funds	Total Governmental
Assets:						
Deposits and investments	\$ 14,051,080	\$ 1,221,211	\$ 4,850,232	\$ 3,920,173	\$ 2,161,096	\$ 26,203,792
Restricted cash and investments	-	-	3,562,776	-	606,800	4,169,576
Receivables (net of allowance for uncollectibles):						
Taxes	9,287,136	2,905,999	-	592,735	1,166,956	13,952,826
Special assessments	-	29,992,434	-	-	-	29,992,434
Accounts	99,997	-	-	-	-	99,997
Interest	17,432	-	-	-	-	17,432
Inventories	257,620	-	-	-	-	257,620
Total assets	<u>\$ 23,713,265</u>	<u>\$ 34,119,644</u>	<u>\$ 8,413,008</u>	<u>\$ 4,512,908</u>	<u>\$ 3,934,852</u>	<u>\$ 74,693,677</u>
Liabilities:						
Accounts payable	\$ 502,580	\$ -	\$ 161,711	\$ 6,378	\$ 947	\$ 671,616
Accrued payroll	894,183	-	-	-	-	894,183
Total liabilities	<u>1,396,763</u>	<u>-</u>	<u>161,711</u>	<u>6,378</u>	<u>947</u>	<u>1,565,799</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	7,611,576	2,905,999	-	-	1,117,296	11,634,871
Unavailable revenue - special assessments	-	29,992,434	-	-	-	29,992,434
Total deferred inflows of resources	<u>7,611,576</u>	<u>32,898,433</u>	<u>-</u>	<u>-</u>	<u>1,117,296</u>	<u>41,627,305</u>
Fund balances:						
Nonspendable:						
Inventories	257,620	-	-	-	-	257,620
Restricted:						
Capital projects	-	-	8,251,297	-	606,800	8,858,097
Substance abuse prevention	-	-	-	-	120,757	120,757
Culture and recreation	-	-	-	2,216,416	192,670	2,409,086
Crime prevention	-	-	-	-	29,620	29,620
Fire	-	-	-	1,235,001	-	1,235,001
Library operations	-	-	-	1,055,113	63,980	1,119,093
Debt service	-	1,221,211	-	-	-	1,221,211
Streets and sidewalks	-	-	-	-	860,166	860,166
Assigned:						
Senior activities	18,124	-	-	-	-	18,124
Equipment purchases	790,954	-	-	-	-	790,954
Capital improvements	1,118,442	-	-	-	-	1,118,442
Library operations	-	-	-	-	24,097	24,097
Aquatic park operations	-	-	-	-	918,519	918,519
Unassigned	12,519,786	-	-	-	-	12,519,786
Total fund balances	<u>14,704,926</u>	<u>1,221,211</u>	<u>8,251,297</u>	<u>4,506,530</u>	<u>2,816,609</u>	<u>31,500,573</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,713,265</u>	<u>\$ 34,119,644</u>	<u>\$ 8,413,008</u>	<u>\$ 4,512,908</u>	<u>\$ 3,934,852</u>	<u>\$ 74,693,677</u>

* See the General Fund Combining Balance Sheet on page 73.

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2020

Total fund balances - governmental funds		\$ 31,500,573
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		142,295,582
Other long-term assets are not available to pay for current-expenditures and therefore are reported as unavailable in the funds.		29,992,434
Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then.		
Deferred charge on refunding	\$ 206,563	
Deferred OPEB outflow	357,218	
Deferred pension outflow	<u>3,868,531</u>	4,432,312
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(88,958,614)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then.		
Deferred OPEB inflow	(192,740)	
Deferred pension inflow	<u>(243,538)</u>	(436,278)
An internal service fund is used by management to charge the cost of health insurance from the City's self-insured health plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		<u>1,691,675</u>
Net position of governmental activities		<u><u>\$ 120,517,684</u></u>

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	Major Funds				Nonmajor	Total
	General*	Debt Service	Capital Projects	Derby Difference Sales Tax	Funds	Governmental
Revenues:						
Taxes:						
Property	\$ 8,448,251	\$ 3,053,324	\$ -	\$ -	\$ 1,221,628	\$ 12,723,203
Excise	13,859	5,012	-	-	2,005	20,876
Sales	4,604,538	-	-	3,143,826	-	7,748,364
Franchise	2,112,700	-	-	-	218,521	2,331,221
Special assessments	-	3,759,914	135,668	-	-	3,895,582
Intergovernmental	1,119,050	-	964	14,077	1,064,749	2,198,840
Licenses and permits	493,494	-	-	-	-	493,494
Charges for services	285,817	-	-	-	762	286,579
Fines and fees	698,028	-	-	-	-	698,028
Investment earnings	369,709	48,364	43,569	7,633	7,481	476,756
Other	526,936	455,070	-	19,000	250,167	1,251,173
Total revenues	<u>18,672,382</u>	<u>7,321,684</u>	<u>180,201</u>	<u>3,184,536</u>	<u>2,765,313</u>	<u>32,124,116</u>
Expenditures:						
Current:						
General government	4,206,621	-	-	417,342	1,224,253	5,848,216
Public works	3,586,873	-	-	-	673,472	4,260,345
Public safety	6,954,120	-	-	886,622	2,986	7,843,728
Culture and recreation	1,518,877	-	-	-	339,951	1,858,828
Economic development	346,235	-	-	-	-	346,235
Debt service:						
Principal	-	5,453,162	5,845,000	1,265,000	195,400	12,758,562
Interest and fiscal charges	-	1,740,614	127,871	205,550	21,671	2,095,706
Debt issuance costs	-	-	250,538	-	59,206	309,744
Capital outlay	1,476,618	-	6,660,212	1,185,869	147,989	9,470,688
Total expenditures	<u>18,089,344</u>	<u>7,193,776</u>	<u>12,883,621</u>	<u>3,960,383</u>	<u>2,664,928</u>	<u>44,792,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>583,038</u>	<u>127,908</u>	<u>(12,703,420)</u>	<u>(775,847)</u>	<u>100,385</u>	<u>(12,667,936)</u>
Other financing sources (uses):						
Transfers in	350,000	145,700	-	-	52,955	548,655
Transfers out	-	-	(495,700)	-	(52,955)	(548,655)
General obligation bonds issued	-	-	3,990,000	-	-	3,990,000
General obligation refunding debt issued	-	-	3,415,000	-	-	3,415,000
Premium on general obligation bonds issued	-	-	445,507	-	-	445,507
Sales tax special obligation revenue bonds issued	-	-	-	-	575,000	575,000
Temporary notes issued	-	-	6,855,000	-	-	6,855,000
Sale of general capital assets	7,872	-	-	-	-	7,872
Total other financing sources (uses)	<u>357,872</u>	<u>145,700</u>	<u>14,209,807</u>	<u>-</u>	<u>575,000</u>	<u>15,288,379</u>
Net change in fund balances	<u>940,910</u>	<u>273,608</u>	<u>1,506,387</u>	<u>(775,847)</u>	<u>675,385</u>	<u>2,620,443</u>
Fund balances, beginning of year	<u>13,764,016</u>	<u>947,603</u>	<u>6,744,910</u>	<u>5,282,377</u>	<u>2,141,224</u>	<u>28,880,130</u>
Fund balances, end of year	<u>\$ 14,704,926</u>	<u>\$ 1,221,211</u>	<u>\$ 8,251,297</u>	<u>\$ 4,506,530</u>	<u>\$ 2,816,609</u>	<u>\$ 31,500,573</u>

* See the General Fund Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) on pages 74 - 75.

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds	\$ 2,620,443
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,060,793)
The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, disposals, and donations).	(13,061)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	996,142
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,521,945)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(913,808)
An internal service fund is used by management to charge the cost of health insurance from the City's self-insured health plan to individual funds. The net revenue of the internal service fund is reported with governmental activities.	118,123
Change in net position of governmental activities	<u>\$ (774,899)</u>

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem property tax	\$ 7,437,889	\$ 7,480,602	\$ 42,713
Delinquent tax	75,000	93,054	18,054
Motor vehicle tax	838,223	874,595	36,372
Excise tax	13,500	13,859	359
Sales tax	4,467,916	4,604,538	136,622
Franchise tax	2,257,230	2,112,700	(144,530)
Intergovernmental	229,788	1,116,050	886,262
Licenses and permits	383,500	493,494	109,994
Charges for services	376,400	285,817	(90,583)
Fines and fees	947,900	698,028	(249,872)
Investment earnings	300,000	369,709	69,709
Other	325,100	470,266	145,166
Total revenues	17,652,446	18,612,712	960,266
Expenditures:			
Administration and operations	3,322,716	3,386,187	63,471
Employee benefits	2,116,029	-	(2,116,029)
Law enforcement	5,352,483	4,957,654	(394,829)
Finance	592,393	702,072	109,679
Fire	2,036,697	2,002,668	(34,029)
Planning and engineering	946,916	1,187,241	240,325
Public works	3,256,548	3,307,795	51,247
Insurance recovery	25,000	2,140	(22,860)
Liability insurance	234,150	236,575	2,425
Equipment	424,800	322,987	(101,813)
Capital outlay	353,480	148,390	(205,090)
Reimbursables	200,000	715,136	515,136
Miscellaneous	100,000	-	(100,000)
Contingencies	6,978,863	-	(6,978,863)
Transient guest tax rebate	-	29,487	29,487
Total expenditures	\$ 25,940,075	\$ 16,998,332	\$ (8,941,743)

(Continued)

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
(Continued)
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Excess (deficiency) of revenues over (under) expenditures	\$ (8,287,629)	\$ 1,614,380	\$ 9,902,009
Other financing sources (uses):			
Transfers in	350,000	350,000	-
Transfers out	(906,195)	(918,660)	(12,465)
Sale of general capital assets	-	7,872	7,872
Total other financing sources (uses)	(556,195)	(560,788)	(4,593)
Net change in fund balance	(8,843,824)	1,053,592	9,897,416
Fund balance, beginning of year	8,843,824	11,948,052	3,104,228
Fund balance, end of year	\$ -	13,001,644	\$ 13,001,644
Explanation of difference between budgetary and GAAP fund balance:			
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received		134,920	
Fund balance on the basis of GAAP - General Fund only		13,136,564	
Fund balance for separately budgeted fund included with the General Fund on GAAP basis financials:			
Derby Senior Activity Board		18,124	
Fund balances (deficit) for non-budgeted funds included with the General Fund on GAAP basis financials:			
Payroll Fund		(224,238)	
Equipment Reserve		23,867	
Capital Improvement Reserve		983,522	
Public Safety Equipment Reserve		767,087	
		\$ 14,704,926	

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DERBY DIFFERENCE SALES TAX FUND
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Sales tax	\$ 2,898,944	\$ 3,143,826	\$ 244,882
Intergovernmental	-	14,077	14,077
Investment earnings	-	7,633	7,633
Other	19,000	19,000	-
Total revenues	2,917,944	3,184,536	266,592
Expenditures:			
Personnel	1,150,881	1,116,964	(33,917)
Contractual	207,044	164,597	(42,447)
Commodities	22,975	22,403	(572)
Capital outlay	636,650	196,266	(440,384)
Debt service:			
Principal	1,265,000	1,265,000	-
Interest and fiscal charges	205,550	205,550	-
Total expenditures	3,488,100	2,970,780	(517,320)
Net change in fund balance	(570,156)	213,756	783,912
Fund balance, beginning of year	2,825,508	3,231,001	405,493
Fund balance, end of year	<u>\$ 2,255,352</u>	<u>3,444,757</u>	<u>\$ 1,189,405</u>
Explanation of difference between budgetary and GAAP fund balance:			
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received		<u>1,061,773</u>	
Fund balance on the basis of GAAP		<u>\$ 4,506,530</u>	

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Business-Type Activities				Governmental Activities Internal Service Fund
	Sewer	Water	Stormwater	Total	
Assets:					
Current assets:					
Deposits and investments	\$ 8,323,919	\$ 4,788,723	\$ 1,521,858	\$ 14,634,500	\$ 2,091,051
Accounts receivable (net of allowance for uncollectibles)	467,307	783,531	120,321	1,371,159	-
Inventories	-	39,386	-	39,386	-
Prepaid items	-	3,362	-	3,362	-
Total current assets	8,791,226	5,615,002	1,642,179	16,048,407	2,091,051
Noncurrent assets:					
Capital assets:					
Land	48,777	663,581	-	712,358	-
Construction in progress	232,578	130,754	396,570	759,902	-
Buildings	5,976,279	4,488,683	-	10,464,962	-
Infrastructure	26,078,721	23,266,482	15,055,147	64,400,350	-
Machinery and equipment	1,824,036	856,973	127,650	2,808,659	-
Accumulated depreciation	(20,402,198)	(20,400,094)	(5,850,442)	(46,652,734)	-
Total noncurrent assets	13,758,193	9,006,379	9,728,925	32,493,497	-
Total assets	22,549,419	14,621,381	11,371,104	48,541,904	2,091,051
Deferred outflows of resources:					
Deferred outflows - OPEB	13,938	8,805	10,709	33,452	-
Deferred outflows - pension	125,319	110,915	23,708	259,942	-
Total deferred outflows of resources	139,257	119,720	34,417	293,394	-
Liabilities:					
Current liabilities:					
Accounts payable	31,785	301,248	165	333,198	391,328
Accrued expenses	25,458	29,879	5,623	60,960	-
Accrued interest payable	18,372	22,997	-	41,369	-
Compensated absences	33,221	-	-	33,221	-
Current portion of bonds payable	144,530	737,208	-	881,738	-
Total current liabilities	253,366	1,091,332	5,788	1,350,486	391,328
Noncurrent liabilities:					
Loans payable	908,914	-	-	908,914	-
Bonds payable, net	1,501,827	3,125,311	-	4,627,138	-
Total OPEB liability	61,133	38,640	46,943	146,716	-
Net pension liability	521,914	419,440	81,024	1,022,378	-
Total noncurrent liabilities	2,993,788	3,583,391	127,967	6,705,146	-
Total liabilities	3,247,154	4,674,723	133,755	8,055,632	391,328
Deferred inflows of resources:					
Deferred charge on refunding	-	31,368	-	31,368	-
Deferred inflows - OPEB	7,922	5,005	6,087	19,014	-
Deferred inflows - pension	16,072	9,298	1,112	26,482	-
Total deferred inflows of resources	23,994	45,671	7,199	76,864	-
Net position:					
Net investment in capital assets	11,202,922	5,515,329	9,728,925	26,447,176	-
Unrestricted	8,214,606	4,505,378	1,535,642	14,255,626	1,699,723
Total net position	\$ 19,417,528	\$ 10,020,707	\$ 11,264,567	40,702,802	\$ 1,699,723
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time.				8,047	
Net position of business-type activities				\$ 40,710,849	

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2020

	Business-Type Activities			Governmental Activities
	Sewer	Water	Stormwater	Internal Service Fund
Operating revenues:				
Charges for sales and services	\$ 3,287,846	\$ 6,718,575	\$ 612,193	\$ 10,618,614
Miscellaneous	2,160	-	-	2,160
Total operating revenues	3,290,006	6,718,575	612,193	10,620,774
Operating expenses:				
Personnel	724,440	524,479	146,181	1,395,100
Contractual	796,461	3,927,036	33,991	4,757,488
Supplies	168,054	49,222	637	217,913
Utilities	254,704	32,318	-	287,022
Depreciation	869,745	933,111	349,955	2,152,811
Total operating expenses	2,813,404	5,466,166	530,764	8,810,334
Operating income	476,602	1,252,409	81,429	1,810,440
Nonoperating revenues (expenses):				
Interest revenue	20,725	34,237	-	54,962
Interest expense	(78,861)	(102,440)	-	(181,301)
Total nonoperating revenues (expenses)	(58,136)	(68,203)	-	(126,339)
Income before contributions	418,466	1,184,206	81,429	1,684,101
Capital contributions	1,398,716	870,336	505,881	2,774,933
Change in net position	1,817,182	2,054,542	587,310	4,459,034
Total net position, beginning of year	17,600,346	7,966,165	10,677,257	36,243,768
Total net position, end of year	\$ 19,417,528	\$ 10,020,707	\$ 11,264,567	\$ 40,702,802
Change in net position				\$ 4,459,034
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds.				(25,725)
Change in net position of business-type activities				\$ 4,433,309

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2020

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers	\$ 3,282,747	\$ 6,685,382	\$ 610,391	\$ 10,578,520	\$ 2,666,578
Other receipts	2,160	-	-	2,160	-
Payments to suppliers	(1,235,510)	(4,282,418)	(120,592)	(5,638,520)	(2,497,565)
Payments to employees	(689,613)	(491,332)	(124,902)	(1,305,847)	-
Net cash from operating activities	1,359,784	1,911,632	364,897	3,636,313	169,013
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(344,921)	(6,822)	(215,623)	(567,366)	-
Payments on loan	(67,007)	-	-	(67,007)	-
Principal paid on general obligation debt	(129,630)	(707,208)	-	(836,838)	-
Interest and bond issuance costs paid on debt	(78,861)	(102,440)	-	(181,301)	-
Net cash from capital and related financing activities	(620,419)	(816,470)	(215,623)	(1,652,512)	-
Cash flows from investing activities:					
Interest received	20,725	34,237	-	54,962	-
Net change in cash and cash equivalents	760,090	1,129,399	149,274	2,038,763	169,013
Cash and cash equivalents, beginning of year	7,563,829	3,659,324	1,372,584	12,595,737	1,922,038
Cash and cash equivalents, end of year	\$ 8,323,919	\$ 4,788,723	\$ 1,521,858	\$ 14,634,500	\$ 2,091,051

(Continued)

CITY OF DERBY, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
Year Ended December 31, 2020

	Sewer	Water	Stormwater	Total	Internal Service Fund
Reconciliation of operating income to net cash from operating activities:					
Operating income	\$ 476,602	\$ 1,252,409	\$ 81,429	\$ 1,810,440	\$ 92,397
Adjustments to reconcile operating income to net cash from operating activities:					
Items not requiring cash:					
Depreciation and amortization	853,731	856,886	349,955	2,060,572	-
Changes in:					
Accounts receivable	(5,099)	(33,193)	(1,802)	(40,094)	-
Inventories	-	16,049	-	16,049	-
Deferred outflows - OPEB	(10,468)	(6,745)	(8,318)	(25,531)	-
Deferred outflows - pension	(68,410)	(63,578)	(14,581)	(146,569)	-
Accounts payable	(277)	(213,666)	(85,964)	(299,907)	76,616
Accrued expenses	1,866	5,752	2,226	9,844	-
Total OPEB liability	21,039	14,848	19,396	55,283	-
Net pension liability	92,496	85,960	19,714	198,170	-
Deferred inflows - OPEB	5,409	3,513	4,356	13,278	-
Deferred inflows - pension	(7,105)	(6,603)	(1,514)	(15,222)	-
Net cash from operating activities	<u>\$ 1,359,784</u>	<u>\$ 1,911,632</u>	<u>\$ 364,897</u>	<u>\$ 3,636,313</u>	<u>\$ 169,013</u>

Noncash capital financing activities:

Contributions of capital assets of \$ 1,398,716; \$ 870,336; and \$ 505,881 were acquired in the sewer fund, water fund, and stormwater fund, respectively, from other governmental funds.

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Derby, Kansas (the City) is a municipal corporation governed by an elected mayor, eight-member council, and city manager. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Unit. In January 1999, the City acquired 100% of the outstanding capital stock of the El Paso Water Company, Inc. (the Company). The Company has received a Private Letter Ruling stating that it is a public utility for purposes of the Internal Revenue Code, and, accordingly, is income tax-exempt. Although the Company is a legally separate organization, the City is financially accountable for the component unit. In addition, the Company's governing body is substantially the same as the governing body of the City. The financial statements of the Company have been included within the City's reporting entity as a proprietary fund. Separately issued financial statements for the Company are available from the Company's administrative offices.

Discretely Presented Component Unit. The Derby Public Library (the Library) is operated by a Library Board that is appointed by the City Council. The City levies and collects special library taxes. The Library's operating budget is subject to the approval of the City Council. The City must approve acquisition or disposition of real property by the Library. The City must also approve any bond issues. The Library is presented as a governmental fund type. Separately issued financial statements for the Library are not available.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, culture and recreation, and economic development.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The capital projects fund accounts for the acquisition and construction of major facilities other than those financed by the enterprise funds.

The Derby Difference Sales Tax fund accounts for the receipt of the City's special sales taxes for the construction of a new central park, a baseball/softball complex, and a dog park; adding emergency response personnel and equipment; and funding Derby Public Library operating expenses.

The City reports the following major proprietary funds:

The sewer fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment systems.

The water fund accounts for the operation and maintenance activities of the City's water distribution system.

The stormwater fund accounts for the operation and maintenance activities of the City's stormwater collection system.

Additionally, the City reports the following fund type:

The internal service fund accounts for the cost of health insurance from the City's self-insured health plan.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

Cash and investments of the individual funds are combined to form a pool that is managed by the finance director. Each fund's equity in the pool is included in "deposits and investments" in the financial statements. These pooled deposits and investments consist of operating accounts, non-negotiable certificates of deposit which are recorded at cost because they are not affected by market rate changes and repurchase agreements which are overnight instruments and are recorded at cost due to the short-term nature of the agreements. Investment earnings, including interest income, are allocated based on management discretion and upon their average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the general fund.

The balance sheet also includes restricted investments which consist of assets held by trustees and various reserves required by bond ordinances. The restricted investments consist of money market mutual funds which are recorded at fair value.

Cash Flows Statement

For purposes of the cash flow statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2020, an allowance for uncollectible receivables of approximately \$ 1,003,500 has been recorded.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds unavailable revenue is reported as follows:

General fund property tax receivable	\$ 7,611,576
Debt service fund property tax receivable	2,905,999
Debt service fund special assessments receivable	29,992,434
Nonmajor governmental fund property tax receivable	<u>1,117,296</u>
	<u><u>\$ 41,627,305</u></u>

Property Taxes

The City's property tax is levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Sedgwick County. The assessed value at January 1, 2019 upon which the 2020 levy was based was \$ 237,822,350.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1 of each year. Property owners have the option of paying one-half of the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the following year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The Sedgwick County Treasurer is the tax collection agent for all taxing entities within the County. Property taxes levied in prior years that remain uncollected are recorded as receivables, net of estimated uncollectibles.

Inventories and Prepaid Items

Inventories consist of expendable supplies and merchandise held for consumption. Inventories of supplies are valued at cost, while inventories held for resale are valued at the lower of cost using the last-in/first-out (LIFO method) or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as equipment assets with an individual cost of greater than \$ 1,000 and building, infrastructure, and improvement assets with an individual cost of greater than \$ 25,000 and an estimated useful life in excess of one year. All costs of land are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 – 40 years
Improvements	20 – 40 years
Infrastructure	15 – 40 years
Machinery and equipment	8 – 20 years

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The City acquires right-of-way land assets, which are reported in the governmental activities column in the government-wide financial statements, as capital assets. The right-of-way assets are considered to have an indefinite life. As a result, no amortization is taken on the acquired assets.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has several items that qualify for reporting in this category. One item, *deferred charge on refunding*, is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two items, *deferred outflows for pension* and *deferred outflows for OPEB*, are reported in the government-wide statement of net position. See Note 7 and Note 8 for more information on the deferred outflows for the pension and OPEB plans, respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in this category. One item, *unavailable revenue/deferred receivable*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. Governmental activities report deferred receivable only from property taxes. Another item, *deferred charge on refunding*, is reported in the government-wide statement of net position and proprietary fund statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The final two items, *deferred inflows for pension* and *deferred inflows for OPEB*, are reported in the government-wide statement of net position. See Note 7 and Note 8 for more information on the deferred inflows for the pension and OPEB plans, respectively.

Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. Varying amounts of hours are allowed to be carried over to subsequent years. This carryover is payable upon separation from service.

All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. Sick pay is accrued when incurred only for employees hired prior to July 1, 1990. In the governmental fund financial statements, a liability for these amounts is reported only when they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts and refunding differences are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2020, fund balances for governmental funds are made up of the following:

Nonspendable fund balance – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as inventories, prepaid amounts, and long-term notes receivable.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance – includes amounts that can only be spent for specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (ordinance).

Assigned fund balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by an action of (1) the City Council or (2) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes, the City Manager. The Council has authorized by charter ordinance the City Manager to assign fund balance.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Concentrations of Credit Risk

Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for water fees, sewer fees, and charges for certain other services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2020, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for periods beginning after June 15, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for periods beginning after December 15, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*, eliminates diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The Statement achieves that objective by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. The requirements for this statement are effective for periods beginning after December 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides guidance for the financial reporting of public-private and public-public partnerships and availability payment arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Finally, the Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements for this statement are effective immediately except for the requirements that are related to the accounting and financial reporting for Section 457 plans, which are effective for fiscal years beginning after June 15, 2021.

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (88,958,614) difference are as follows:

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

General obligation bonds payable	\$ (62,214,497)
Plus: Issuance premiums	(2,754,163)
Less: Issuance discounts	727
Sales tax obligation bonds payable	(908,800)
Temporary notes payable	(6,855,000)
Accrued interest payable	(121,971)
Compensated absences	(724,334)
Total OPEB liability	(1,590,785)
Net pension liability	<u>(13,789,791)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (88,958,614)</u></u>

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ (1,060,793) difference are as follows:

Capital outlay	\$ 3,526,836
Depreciation expense	<u>(4,587,629)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ (1,060,793)</u></u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ (2,521,945) difference are as follows:

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Debt issued or incurred:	
General obligation debt	\$ (7,405,000)
Issuance premiums	(445,507)
Sales tax obligation bonds	(575,000)
Temporary notes	(6,855,000)
Principal repayments:	
General obligation debt	6,718,162
Sales tax obligation bonds	195,400
Temporary notes	5,845,000
	<hr/>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	\$ (2,521,945)
	<hr/>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$ (913,808) difference are as follows:

Compensated absences	\$ (90,117)
Accrued interest	4,381
Amortization of deferred charge on refunding	(120,841)
Amortization of bond discounts	(250)
Amortization of bond premiums	249,488
OPEB contributions	(83,104)
Pension contributions	(873,365)
	<hr/>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ (913,808)
	<hr/>

3 - Stewardship, Compliance, and Accountability

Budgetary Information

Applicable Kansas statutes require an annual operating budget be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), debt service funds, and proprietary funds. A legal operating budget is not prepared for the capital projects fund, the STAR Bonds fund, the law enforcement trust fund, the law enforcement trust – state fund, the equipment reserve fund, the payroll fund, the public safety equipment reserve fund, and the capital improvement reserve fund. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments evidenced by documents such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in adoption of budgets:

- a. Preparation of budget for the succeeding calendar year on or before August 1st.
- b. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

- c. Public hearing on or before August 15 but at least ten days after publication of notice of hearing.
- d. Adoption of final budget on or before August 25th.

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. The legal level of budgetary control is the fund level. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or cancelled. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish, in the local newspaper, a notice of public hearing to amend the budget. At least ten days after publication, a public hearing is held and the governing body may amend the budget at that time. During 2020, the aquatic park fund budget was amended.

4 - Deposits and Investments

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Kansas statutes require that deposits of the City and the Library be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At year-end, the carrying amounts of the City's deposits were \$ 42,929,343, and the bank balances totaled \$ 42,187,685. Of the bank balances, \$ 751,000 was secured by federal deposit insurance, and \$ 41,436,685 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the City's name.

As of December 31, 2020, the carrying amount of the Library's deposits was \$ 492,331, and the bank balance was \$ 527,847. Of the bank balance, \$ 250,000 was secured by federal deposit insurance and \$ 277,847 was unsecured.

Investments

As of December 31, 2020, the City had the following investments:

Investment Type	Fair Value	Maturity	Rating
Money market mutual funds	\$ 606,800	< 1 year	Not rated
Repurchase agreements	787,370	< 1 year	Not rated
	<u>\$ 1,394,170</u>		

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Credit 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.

Concentrations of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. As noted in the schedule above, the City's investments as of December 31, 2020 consisted entirely of money market mutual funds and repurchase agreements.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City is not exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates, but state statutes do establish a two-year limitation on investment maturities. In practice, the City does not exceed a one-year maturity when investing idle funds. The City is not exposed to significant interest rate risk.

Fair Value Measurement – The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended December 31, 2020, the money market mutual funds were valued with quoted prices on the active market (Level 1 input). The repurchase agreements are considered cash equivalents and are, therefore, not classified in the fair value hierarchy.

At December 31, 2020, the City's investments were categorized within the fair value hierarchy as follows:

Investment Type	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Money market mutual funds	\$ 606,800	\$ 606,800	\$ -	\$ -

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,035,500	\$ 95,869	\$ (13,063)	\$ 5,118,306
Land - right of way	30,066,710	-	-	30,066,710
Construction in progress	14,363,885	5,239,382	(13,079,780)	6,523,487
Total capital assets not being depreciated	49,466,095	5,335,251	(13,092,843)	41,708,503
Capital assets being depreciated:				
Buildings	26,831,821	6,255,338	-	33,087,159
Improvements	12,109,102	-	-	12,109,102
Infrastructure	127,178,891	3,767,891	-	130,946,782
Machinery and equipment	12,659,502	1,248,136	(47,897)	13,859,741
Total capital assets being depreciated	178,779,316	11,271,365	(47,897)	190,002,784
Less accumulated depreciation for:				
Buildings	(9,505,255)	(681,039)	-	(10,186,294)
Improvements	(2,064,943)	(309,253)	-	(2,374,196)
Infrastructure	(63,285,297)	(2,932,771)	-	(66,218,068)
Machinery and equipment	(10,020,478)	(664,566)	47,897	(10,637,147)
Total accumulated depreciation	(84,875,973)	(4,587,629)	47,897	(89,415,705)
Total capital assets being depreciated, net	93,903,343	6,683,736	-	100,587,079
Governmental activities capital assets, net	\$ 143,369,438	\$ 12,018,987	\$ (13,092,843)	\$ 142,295,582

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 712,358	\$ -	\$ -	\$ 712,358
Construction in progress	1,370,789	3,230,277	(3,841,164)	759,902
Total capital assets not being depreciated	2,083,147	3,230,277	(3,841,164)	1,472,260
Capital assets being depreciated:				
Buildings	10,466,962	-	(2,000)	10,464,962
Infrastructure	60,577,869	3,841,164	(18,683)	64,400,350
Machinery and equipment	2,696,637	112,022	-	2,808,659
Total capital assets being depreciated	73,741,468	3,953,186	(20,683)	77,673,971
Less accumulated depreciation for:				
Buildings	(8,189,213)	(419,563)	-	(8,608,776)
Infrastructure	(34,394,483)	(1,553,562)	18,683	(35,929,362)
Machinery and equipment	(1,936,910)	(179,686)	2,000	(2,114,596)
Total accumulated depreciation	(44,520,606)	(2,152,811)	20,683	(46,652,734)
Total capital assets being depreciated, net	29,220,862	1,800,375	-	31,021,237
Business-type activities capital assets, net	<u>\$ 31,304,009</u>	<u>\$ 5,030,652</u>	<u>\$ (3,841,164)</u>	<u>\$ 32,493,497</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 277,484
Public safety	496,211
Public works	3,275,706
Culture and recreation	538,129
Economic development	99

Total depreciation expense - governmental activities \$ 4,587,629

Business-type activities:

Sewer	\$ 869,745
Water	933,111
Stormwater	349,955

Total depreciation expense - business-type activities \$ 2,152,811

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Discretely Presented Component Unit

Capital asset activity for the Library for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment and books	\$ 1,054,874	\$ 164,717	\$ (168,648)	\$ 1,050,943
Less accumulated depreciation for:				
Equipment and books	(736,009)	(189,456)	168,648	(756,817)
Library capital assets, net	<u>\$ 318,865</u>	<u>\$ (24,739)</u>	<u>\$ -</u>	<u>\$ 294,126</u>

6 - Capital Projects

The City has the following projects in progress at December 31, 2020:

	Costs to Date	Amount Authorized
Governmental improvements	\$ 7,672,700	\$ 11,549,731
Sewer improvements	429,931	1,408,252
Water improvements	14,509	196,651
Stormwater improvements	175,821	502,503
	<u>\$ 8,292,961</u>	<u>\$ 13,657,137</u>

7 - Defined Benefit Pension Plan

General Information About the Pension Plan

Description of Pension Plan. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by KPERS, a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and firemen
- Judges

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in both the Local and Police and Firemen employee groups.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits Provided. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan was created for new hires starting January 1, 2015. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement groups are funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate were 8.61% for KPERS and 21.93% for KP&F for the year ended December 31, 2020. Contributions to the Pension Plan from the City were \$ 548,023 for KPERS and \$ 924,681 for KP&F for the year ended December 31, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the City reported a liability of \$ 5,644,795 for KPERS and \$ 9,167,374 for KP&F for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2020, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020.

Although KPERS administers one cost-sharing, multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2020.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020, the City's proportion for KPERS was .325601%, which was an increase of .003664% from its proportion measured as of June 30, 2019. At June 30, 2020, the City's proportion for KP&F was .743419%, which was an increase of .045965% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$ 759,256 for KPERS and \$ 1,623,851 for KP&F. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 362,207	\$ 72,571
Net difference between projected and actual earnings on pension plan investments	1,549,437	-
Changes of assumptions	974,595	-
Changes in proportionate share	488,398	197,449
City contributions subsequent to measurement date	753,836	-
Total	<u>\$ 4,128,473</u>	<u>\$ 270,020</u>

The \$ 753,836 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2021	\$ 743,915
2022	845,508
2023	799,306
2024	680,717
2025	35,171
	<u>\$ 3,104,617</u>

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Salary increases, including price inflation	3.25 to 11.75 percent
Long-term rate of return, net of investment expense, and including price inflation	7.50 percent
Payroll growth assumption	2.75 percent

Changes in actuarial assumptions and methods in the December 31, 2019 actuarial valuation were as follows:

Both Groups

- Investment return assumption was lowered from 7.75% to 7.50%.
- General wage growth assumption was lowered from 3.50% to 3.25%.
- Payroll growth assumption was lowered from 3.00% to 2.75%.

KPERS

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contribution rates was increased from 0.16% to 0.18%.

KP&F

- Retirement rates were adjusted to partially reflect observed experience.
- Factors for the KP&F group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contribution rates was increased from 0.16% to 0.18%.

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study, which covered the three-year period of January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Private Equity	8.00%	9.50%
Private Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Cash	4.00%	0.25%
	<hr/>	
Total	<hr/> <hr/> 100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KPERS. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's proportionate share of the collective net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's KPERS proportionate share of the collective net pension liability	\$ 7,944,485	\$ 5,644,795	\$ 3,711,354
City's KP&F proportionate share of the collective net pension liability	12,547,314	9,167,374	6,344,641
	<u>\$ 20,491,799</u>	<u>\$ 14,812,169</u>	<u>\$ 10,055,995</u>

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

8 - Other Postemployment Healthcare Benefits

Health Insurance

Plan Description Benefits Provided and Contributions. The City offers postemployment health, dental and vision benefits to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. The other postemployment benefit (OPEB) plan (the Plan) provides medical benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Plan does not issue a standalone financial report.

Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the blended premium cost of active employees to maintain coverage.

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2020 totaled \$ 42,000.

Employees Covered by Benefit Terms. As of the actuarial valuation date of January 1, 2020, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	5
Active plan members	<u>180</u>
	<u>185</u>

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Total OPEB Liability

The City's total OPEB liability of \$ 1,490,566 was measured as of December 31, 2020 and was determined by an actuarial valuation performed as of January 1, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate as of measurement date	1.96 percent
Mortality table	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General and Public Safety Mortality Tables using Scale MP-2020 Full Generational Improvement
Salary scale	3.50 percent per year
Inflation rate	2.50 percent per year
Healthcare cost trend rates	
Current rate	6.00 percent
Ultimate rate	4.50 percent
Actuarial cost method	Entry Age Normal - Level Percent-of-Pay

The discount rate was based on the S&P Municipal Bond 20-Year High Grade and the Fidelity GO AA-20 Years indexes as of the measurement date.

Changes and items of impact relative to the prior valuation are noted below:

- The assumed proportion of future retiring employees with a covered spouse was revised from 40% to 30%.
- Retirement, turnover and disability assumptions were updated based on the latest available data from the KPERs valuation report.
- The mortality assumption was changed from Society of Actuaries Scale MP-2019 Full Generational Improvement to the Society of Actuaries Scale MP-2020 Full Generational Improvement.
- The discount rate was changed from 3.00% to 1.96% for the end of year measurement.
- Per capita costs, retiree contribution premiums and trend rates were updated as part of the evaluation.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2019	\$ 1,271,703
Changes for the year:	
Service cost	95,809
Interest cost	40,395
Differences between expected and actual experience	(121,548)
Changes in assumptions and inputs	246,207
Benefit payments	(42,000)
Net changes	218,863
Balance at December 31, 2020	\$ 1,490,566

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (0.96%)	Discount Rate (1.96%)	1% Increase (2.96%)
Total OPEB liability	\$ 1,673,104	\$ 1,490,566	\$ 1,327,089

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 1,250,117	\$ 1,490,566	\$ 1,790,281

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$ 146,683.

At December 31, 2020, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 192,828
Changes of assumptions	339,957	397
	<u>\$ 339,957</u>	<u>\$ 193,225</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2021	\$ 10,479
2022	10,479
2023	10,479
2024	10,479
2025	10,479
2026 and Thereafter	94,337
	<u>\$ 146,732</u>

Disability Benefits and Life Insurance

Plan Description Benefits Provided and Contributions. The City participates in an agent multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2020 totaled \$ 63,649.

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66⅔ percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$ 100 and a maximum of \$ 5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees Covered by Benefit Terms. As of the valuation date of December 31, 2019, the following employees were covered by the benefit terms.

Active members	124
Disabled members	1
	<hr/>
	125
	<hr/> <hr/>

Total OPEB Liability

The City's total OPEB liability of \$ 246,935 was measured as of June 30, 2020 and was determined by an actuarial valuation performed as of December 31, 2019.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.21 percent
Implicit inflation rate	2.75 percent
Mortality rates	Local Males: 90% of RP-2014 M Total Dataset +2 Local Females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2020.
Salary increases	3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity)
Payroll growth	3.00 percent
Actuarial cost method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Index.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

Changes and items of impact relative to the prior valuation were as follows.

1. The demographic assumptions have been updated based upon the most recent KPERS experience study.
2. The discount rate was updated in accordance with the requirements of GASB 75.
3. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2019	\$ 213,298
Changes for the year:	
Service cost	21,925
Interest on total OPEB liability	8,163
Effect of economic/demographic gains or losses	(7,614)
Effect of assumptions changes or inputs	15,122
Benefit payments	(3,959)
Net changes	33,637
Balance at December 31, 2020	\$ 246,935

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 254,354	\$ 246,935	\$ 238,504

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 246,935	\$ 246,935	\$ 246,935

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$ 29,739. At December 31, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,695	\$ 13,642
Changes of assumptions	16,175	4,887
Benefit payments subsequent to the measurement date	32,843	-
	\$ 50,713	\$ 18,529

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$ 32,843 consists of payments made to KPERs for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2021	\$ (349)
2022	(349)
2023	(349)
2024	(349)
2025	(349)
2026 and Thereafter	1,086
	\$ (659)

Aggregate Other Postemployment Healthcare Benefit Information

	Balances at December 31, 2020		
	Health Insurance	Disability Benefits and Life Insurance	Total
Total OPEB liability	\$ 1,490,566	\$ 246,935	\$ 1,737,501
Total deferred outflows of resources	339,957	50,713	390,670
Total deferred inflows of resources	193,225	18,529	211,754

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The aggregate amount of OPEB expenses for the two OPEB plans for the year ended December 31, 2020 was \$ 176,422.

9 - Risk Management

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

Self-Funded Health Insurance

The City maintains a self-funded health insurance plan covering substantially all full-time employees. Funds are accumulated for payment of claims and insurance premiums through charges to the City's funds and to the employees of the various departments of the City. The plan is administered by a third party, which accumulates and processes claims. During 2020, the City's specific retention amount was \$ 70,000 per covered person. The minimum aggregate retention amount was \$ 2,502,905. The reinsurer's aggregate maximum limit was 100% of paid aggregate losses in excess of the aggregate retention amount subject to a maximum of \$ 1,000,000. The City purchases commercial insurance for claims in excess of the maximum and for all other risks of loss. Any claims paid in excess of this amount will be reimbursed to the City by the insurance company at the end of the plan year. The transactions of the health insurance plan are accounted for in the internal service fund. The claims liability reported at December 31, 2020 is based on the requirements of Governmental Accounting Standard Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated.

The change in health care claims payable for the year ended December 31, 2020 is as follows:

Claims payable, beginning of year	\$ 314,712
Incurred claims and change in estimate	2,111,722
Claim payments	<u>(2,035,106)</u>
Claims payable, end of year	<u><u>\$ 391,328</u></u>

10 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

General obligation bonds payable at December 31, 2020 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2020	Outstanding December 31, 2020
General Obligation Bonds:					
Governmental activities:					
2010A Improvement	3.50% - 3.75%	\$ 60,205	2025	\$ 4,186	\$ 9,071
2010C Refunding	2.80%	1,040,450	2021	100,000	105,000
2011A Refunding and Improvement	2.60% - 3.625%	1,465,700	2031	25,000	140,000
2012A Refunding	1.70% - 1.90%	2,418,743	2023	193,527	303,696
2012B Improvement	2.00% - 2.75%	877,860	2032	58,524	436,491
2013A Refunding and Improvement	2.00% - 2.90%	6,200,000	2033	210,000	3,130,000
2014A Refunding and Improvement	2.10% - 4.00%	3,146,914	2034	132,160	2,495,023
2014B Refunding	2.25%	2,428,520	2021	400,000	290,000
2014C Improvement	2.25% - 2.50%	5,380,000	2024	560,000	2,360,000
2015A Refunding	2.25% - 2.50%	886,200	2024	7,000	838,600
2015B Improvement	2.25% - 2.50%	1,725,000	2024	170,000	725,000
2015C Improvement	2.00% - 3.50%	955,000	2036	60,000	680,000
2016A Refunding and Improvement	3.00% - 4.00%	1,455,000	2036	650,000	160,000
2017A Improvement	2.00% - 3.00%	5,105,000	2037	215,000	4,545,000
2017B Improvement	2.00% - 3.375%	26,342	2038	1,317	23,706
2018A Improvement	3.00% - 3.35%	6,125,000	2038	245,000	5,645,000
2018C Improvement	3.00% - 5.00%	3,395,000	2024	535,000	2,340,000
2019A Improvement	3.00% - 5.00%	5,385,000	2034	260,000	5,125,000
2019B Refunding and Improvement	2.25% - 4.00%	6,300,960	2040	305,370	5,995,590
2020A Improvement	2.00% - 3.00%	295,000	2041	-	295,000
				<u>\$ 4,132,084</u>	<u>\$ 35,642,177</u>
Business-type activities:					
2012B Improvement	2.00% - 2.75%	708,120	2032	\$ 47,208	\$ 352,093
2013B Refunding	3.00%	3,375,000	2022	185,000	380,000
2018A Improvement	3.00% - 3.35%	775,000	2038	190,000	400,000
2018B Improvement	3.50% - 5.00%	2,710,000	2039	285,000	2,425,000
2019B Refunding and Improvement	2.25% - 4.00%	1,633,040	2029	129,630	1,503,410
				<u>\$ 836,838</u>	<u>\$ 5,060,503</u>

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The future annual debt service requirements to maturity for general obligation bonds outstanding are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 3,992,785	\$ 1,140,035	\$ 881,738	\$ 209,045
2022	3,481,838	909,477	899,665	175,620
2023	3,467,745	778,096	534,135	141,417
2024	3,548,159	683,858	553,605	117,735
2025	1,996,673	616,897	578,022	93,124
2026-2030	9,946,068	2,156,912	1,613,338	123,648
2031-2035	7,449,958	783,962	-	-
2036-2040	1,758,951	77,493	-	-
	<u>\$ 35,642,177</u>	<u>\$ 7,146,730</u>	<u>\$ 5,060,503</u>	<u>\$ 860,589</u>

Special Assessment Bonds

The City's special assessment debt was issued to provide funds for the construction of infrastructure in new residential developments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment bonds at December 31, 2020 are comprised of the following issues:

Special Assessment Bonds	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2020	Outstanding December 31, 2020
Governmental activities:					
2009B Improvement	3.65% - 3.90%	\$ 2,680,000	2024	\$ 200,000	\$ 205,000
2010A Improvement	3.50% - 3.75%	2,959,795	2025	205,814	445,929
2011A Refunding and Improvement	2.60% - 3.625%	8,184,300	2031	775,000	190,000
2012A Refunding	1.70% - 1.90%	5,166,257	2023	556,473	1,326,304
2012B Improvement	2.00% - 2.75%	1,579,020	2032	94,268	871,416
2014A Refunding and Improvement	2.10% - 4.00%	758,086	2034	52,840	429,977
2015A Refunding	2.25% - 2.50%	2,278,800	2024	18,000	2,156,400
2015C Improvement	2.00% - 3.50%	3,800,000	2036	240,000	2,895,000
2016A Refunding and Improvement	3.00% - 4.00%	4,305,000	2036	205,000	3,535,000
2017B Improvement	2.00% - 3.375%	2,273,658	2038	123,683	2,026,294
2018B Refunding	3.50% - 5.00%	2,970,000	2039	115,000	2,855,000
2019B Refunding and Improvement	2.25% - 4.00%	2,526,000	2040	-	2,526,000
2020A Improvement	2.00% - 3.00%	3,695,000	2041	-	3,695,000
2020B Refunding	2.00% - 3.00%	3,415,000	2036	-	3,415,000
				<u>\$ 2,586,078</u>	<u>\$ 26,572,320</u>

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The future annual debt service requirements to maturity for special assessment bonds are as follows:

	Governmental Activities	
	Principal	Interest
2021	\$ 5,795,477	\$ 773,039
2022	2,638,497	685,317
2023	2,343,120	628,836
2024	2,198,236	554,411
2025	1,440,305	446,946
2026-2030	5,670,594	1,528,067
2031-2035	3,970,041	751,715
2036-2040	2,286,050	216,062
2041-2044	230,000	5,175
	<u>\$ 26,572,320</u>	<u>\$ 5,589,568</u>

Call Provisions

Call provisions at the option of the City included in the general obligation bonds, including special assessments, are as follows:

Series 2012B: Callable December 1, 2021 at par plus accrued interest
Series 2013A: Callable June 1, 2022 at par plus accrued interest
Series 2014A: Callable December 1, 2021 at par plus accrued interest
Series 2015C: Callable December 1, 2022 at par plus accrued interest
Series 2016A: Callable December 1, 2021 at par plus accrued interest
Series 2017A: Callable December 1, 2025 at par plus accrued interest
Series 2017B: Callable December 1, 2027 at par plus accrued interest
Series 2018A: Callable December 1, 2028 at par plus accrued interest
Series 2018B: Callable December 1, 2028 at par plus accrued interest
Series 2018C: Callable December 1, 2022 at par plus accrued interest
Series 2019A: Callable December 1, 2026 at par plus accrued interest
Series 2019B: Callable December 1, 2026 at par plus accrued interest
Series 2020A: Callable December 1, 2028 at par plus accrued interest
Series 2020B: Callable December 1, 2028 at par plus accrued interest

Refundings

During the year ended December 31, 2020, the City issued \$3,415,000 of general obligation refunding bonds (Series 2020B) to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments related to \$ 3,475,000 of Series 2016A general obligation refunding and improvement bonds. However, the bonds are not considered to be defeased until the crossover date of December 1, 2021, since they were refunded through a crossover refunding transaction. Because there is no defeasance in such a transaction until the crossover date, the assets held in trust by the escrow agent are reported in the capital projects fund as restricted cash and investments in

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

the amount of \$ 3,562,776. The refunded bonds are reported in liabilities until the crossover date. The refunding transaction resulted in an economic gain of approximately \$ 379,000 and a decrease in the future debt service payments of approximately \$ 435,000.

Future Installments

The installment ranges for the general obligation bonds, including special assessments, are the following:

	Installment Range	
	Low	High
Governmental activities:		
Series 2009B	\$ 205,000	\$ 205,000
Series 2010A	220,000	235,000
Series 2010C	105,000	105,000
Series 2011A	165,000	165,000
Series 2012A	215,000	765,000
Series 2012B	35,000	171,891
Series 2013A	210,000	280,000
Series 2014A	195,000	225,000
Series 2014B	290,000	290,000
Series 2014C	570,000	610,000
Series 2015A	720,000	780,000
Series 2015B	175,000	185,000
Series 2015C	65,000	340,000
Series 2016A	220,000	220,000
Series 2017A	220,000	305,000
Series 2017B	55,000	160,000
Series 2018A	250,000	400,000
Series 2018B	120,000	180,000
Series 2018C	555,000	615,000
Series 2019A	275,000	445,000
Series 2019B	20,000	1,110,570
Series 2020A	15,000	225,000
Series 2020B	210,000	255,000
Business-type activities:		
Series 2012B	47,208	53,109
Series 2013B	190,000	190,000
Series 2018A	200,000	200,000
Series 2018B	300,000	400,000
Series 2019B	144,530	189,230

Sales Tax Special Obligation Revenue Bonds

Sales tax special obligation revenue bonds (STAR bonds) are authorized to be issued pursuant to K.S.A. 12-17,160, et seq., as amended (the STAR Bond Act). The STAR Bond Act provides a form of tax increment financing that enables the issuance of bonds payable from certain State and local sales and compensating use tax revenues and transient guest tax revenues generated from STAR bond projects constructed within a STAR bond project district. To implement STAR bond financing, a local government must adopt a resolution that specifies a proposed STAR bond project district's boundaries and describes the overall district plan, hold a public hearing on the district and plan, and pass a resolution that establishes the STAR bond project district. Additionally, there may be one or more projects within a STAR bond district.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

In connection with the issuance of STAR bonds, the City and the State of Kansas enter into Tax Distribution Agreements. The agreements provide that the principal and interest on the STAR bonds will be paid proportionally by the City and the State of Kansas, based on each entity's respective share of sales taxes generated within the district. The proportional shares may vary by bond issue, as described in the "Tax Distribution Details" in the table below. These proportional shares may change in the future if the sales taxes assessed by the local or state governments are modified.

The STAR bond issue has "Turbo Redemption" provisions. Pledged tax revenues received in excess of amounts required for mandatory debt service payments or for various reserve account requirements will be used to redeem the bonds early. It is therefore expected that payment in full of principal on these bond series will be made earlier than their respective maturity dates.

Issue	District/ Project	Original Amount	Tax Distribution Details
2017	Derby Destination Development Project	\$ 20,465,000	Year 1: 96.40% State sales tax revenues/ .59% City's share of County sales tax/ 3.01% City's transient guest tax 20 year estimate: 96.08% State sales tax revenues/.59% City's share of County Sales Tax/3.33% City's transient guest tax
2020	Derby Destination Development Project Amendment	\$ 14,375,000	Amended tax distribution details: Year 1: 96.40% State sales tax revenues/ .59% City's share of County sales tax/ 3.01% City's transient guest tax 20 year estimate: 96.24% State sales tax revenues/.59% City's share of County Sales Tax/3.17% City's transient guest tax

For these bond issues, the City records its proportional share of the outstanding obligations.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

At December 31, 2020, STAR bonds outstanding consisted of the following:

Description and Purpose	Amount of Original Issue	Final Maturity Date	Range of Interest Rates	Recorded with City Long-Term Liabilities	State Pledge	Total Value December 31, 2020
				Local Pledge		
2017 Derby Destination Development Bonds	\$ 20,465,000	2037	4.00%-5.00%	\$ 333,800	\$ 8,011,200	\$ 8,345,000
2020 Derby Destination Development Bonds	\$ 14,375,000	2037	3.900%	575,000	13,800,000	14,375,000
Total				<u>\$ 908,800</u>	<u>\$ 21,811,200</u>	<u>\$ 22,720,000</u>

Annual debt service requirements to maturity for these bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2021	\$ 162,800	\$ 38,757
2022	-	30,975
2023	-	30,975
2024	-	30,975
2025	-	30,975
2026-2030	-	154,875
2031-2035	-	154,875
2036-2040	746,000	46,463
	<u>\$ 908,800</u>	<u>\$ 518,869</u>

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Temporary Notes Payable

The City issues temporary notes to provide temporary financing for capital improvement projects. Temporary notes payable at December 31, 2020 were as follows:

Temporary Notes	Interest Rate	Original Issue	Final Maturity Date	Principal Payments During 2020	Outstanding December 31, 2020
2018-2	2.55%	\$ 3,870,000	2020	\$ 3,870,000	\$ -
2019-1	1.85%	1,975,000	2020	1,975,000	-
2020-1	0.50%	6,855,000	2022	-	6,855,000
				<u>\$ 5,845,000</u>	<u>\$ 6,855,000</u>

The temporary notes issued by the City have an initial maturity of greater than one year. Therefore, they are considered long-term debt and have been included in long-term liabilities on the statement of net position.

The future annual debt service requirements to maturity for temporary notes payable are as follows:

	Governmental Activities	
	Principal	Interest
2021	\$ -	\$ 37,322
2022	6,855,000	34,275
	<u>\$ 6,855,000</u>	<u>\$ 71,597</u>

Revolving Loan Payable

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) on November 12, 2009. According to the agreement, KDHE will loan an amount not to exceed \$ 3,371,000 to the City for the purpose of designing and constructing a new sludge dewatering system and a new biosolids storage system and upgrading the mixing and aeration systems in the existing aerobic digester. The interest rate on the loan is 2.60%. The City paid \$ 67,007 in principal on the loan during the year ended December 31, 2020. A repayment schedule reflecting the amount of principal forgiven has not been finalized. As of December 31, 2020, \$ 3,264,501 of the loan was drawn down and project costs of \$ 3,264,501 were incurred.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 39,479,261	\$ 295,000	\$ 4,132,084	\$ 35,642,177	\$ 3,992,785
Plus (less) deferred amounts:					
Issuance premiums	2,558,144	445,507	249,488	2,754,163	-
Issuance discounts	(977)	-	(250)	(727)	-
Sales tax special obligation					
revenue bonds - direct borrowings	529,200	575,000	195,400	908,800	162,800
Special assessment debt with					
government commitment	22,048,398	7,110,000	2,586,078	26,572,320	5,795,477
Temporary notes - direct borrowings	5,845,000	6,855,000	5,845,000	6,855,000	-
Compensated absences	634,217	1,525,159	1,435,042	724,334	724,334
Total OPEB liability	1,393,568	356,245	159,028	1,590,785	-
Net pension liability	10,733,526	3,056,265	-	13,789,791	-
Governmental activities long-term liabilities	<u>\$ 83,220,337</u>	<u>\$ 20,218,176</u>	<u>\$ 14,601,870</u>	<u>\$ 88,836,643</u>	<u>\$ 10,675,396</u>
Business-type activities:					
General obligation bonds	\$ 5,897,341	\$ -	\$ 836,838	\$ 5,060,503	\$ 881,738
Plus deferred amounts:					
Issuance premiums	526,674	-	78,301	448,373	-
Revolving loans - direct borrowings	975,921	-	67,007	908,914	-
Compensated absences	33,221	56,623	56,623	33,221	33,221
Total OPEB liability	91,433	71,376	16,093	146,716	-
Net pension liability	824,208	198,170	-	1,022,378	-
Business-type activities long-term liabilities	<u>\$ 8,348,798</u>	<u>\$ 326,169</u>	<u>\$ 1,054,862</u>	<u>\$ 7,620,105</u>	<u>\$ 914,959</u>

For the governmental activities, compensated absences, the total OPEB liability, and the net pension liability are generally liquidated by the general fund.

11 - Special Assessments

Kansas statutes require special benefit district projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Further, state statutes permit levying additional general ad valorem taxes in the City's debt service fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's debt service fund. Special assessments are levied over the repayment period of the bonds and the annual installments are due and payable with annual ad valorem taxes. At December 31, 2020, the special assessment taxes levied are a lien on the property and are recorded as a special assessments receivable in the debt service fund with a corresponding amount recorded as unavailable revenue. Special assessments receivable at December 31, 2020 was \$ 29,992,434.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Interfund Transactions

Interfund transfers for the year ended December 31, 2020 consisted of the following:

Transfers out	Transfers in		
	Governmental activities		Nonmajor governmental funds
	General fund	Debt service fund	
Governmental activities:			
Capital projects fund	\$ 350,000	\$ 145,700	\$ -
Nonmajor governmental funds	-	-	52,955
Total	<u>\$ 350,000</u>	<u>\$ 145,700</u>	<u>\$ 52,955</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Capital asset transfers of \$ 2,774,933 occurred from the governmental activities to the business-type activities and are reported within transfers on the statement of activities.

13 - Commitments and Contingencies

Litigation

There are a number of claims and/or lawsuits to which the City is a party as a result of the ordinary course of City activities. The City management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

Industrial Revenue Bonds

The City has issued industrial revenue bonds to finance the purchase of land and construction of facilities leased to local businesses. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from lease agreements; these issues do not constitute a debt of the City. The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. As of December 31, 2020, industrial revenue bonds of \$ 11,600,993 are outstanding.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

14 - Commitments and Contingencies

Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2020, the City's recorded encumbrances in governmental funds were as follows:

General fund	\$ 169,753
Capital projects fund	487,596
Derby Difference Sales Tax fund	1,061,773
Nonmajor governmental funds	<u>80,152</u>
	<u><u>\$ 1,799,274</u></u>

COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the pandemic.

It is unknown how long the adverse conditions associated with the pandemic will last and what the complete financial effect will be to the City. While management cannot quantify the financial and other impacts to the City, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

CITY OF DERBY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

15 - Tax Abatements

The City of Derby enters into tax abatement agreements with local businesses for the purpose of attracting businesses within its jurisdiction. For the fiscal year ended December 31, 2020, abated property taxes that impacted the City totaled \$ 72,671, which included the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A property tax abatement for acquiring, remodeling and equipping a manufacturing facility. The City's portion of the abatement amounted to \$ 9,422.
- A property tax abatement for constructing and equipping a memory care facility. The City's portion of the abatement amounted to \$ 14,993.
- A property tax abatement related to the construction and furnishing of a hotel. The City's portion of the tax abatement amounted to \$ 48,255.

16 - Subsequent Events

The City has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements are available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DERBY, KANSAS
Schedule of the City's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Seven Fiscal Years¹

	2020	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability							
KPERS	0.325601%	0.321937%	0.318254%	0.311056%	0.322890%	0.317677%	0.321736%
KP&F	0.743419%	0.697454%	0.710227%	0.708786%	0.752855%	0.712797%	0.713596%
City's proportionate share of the collective net pension liability	\$14,812,169	\$11,557,734	\$11,269,609	\$11,152,434	\$11,987,447	\$ 9,346,983	\$ 8,640,032
City's covered payroll	\$10,237,891	\$ 9,678,999	\$ 9,289,020	\$ 9,016,474	\$ 9,078,858	\$ 8,542,912	\$ 8,426,748
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	145%	119%	121%	124%	132%	109%	103%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

¹ GASB 68 requires presentation of ten years. Data was not available prior to fiscal year 2014; therefore, ten years of data is unavailable.

CITY OF DERBY, KANSAS
Schedule of the City's Contributions
Kansas Public Employees Retirement System
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
KPERS contractually required contributions	\$ 548,023	\$ 544,363	\$ 482,805	\$ 477,511	\$ 494,232	\$ 503,225	\$ 490,774	\$ 412,001	\$ 387,604	\$ 348,907
KP&F contractually required contributions	924,681	865,520	733,249	684,037	709,642	723,684	660,727	544,841	510,275	429,184
Contributions in relation to the contractually required contribution	(1,472,704)	(1,409,883)	(1,216,054)	(1,161,548)	(1,203,874)	(1,226,909)	(1,151,500)	(956,844)	(897,871)	(778,099)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (2)</u>	<u>\$ 8</u>	<u>\$ (8)</u>
City's covered payroll	\$ 10,581,465	\$ 10,038,033	\$ 9,396,390	\$ 9,212,330	\$ 8,847,625	\$ 8,684,153	\$ 8,859,235	\$ 8,311,420	\$ 8,349,726	\$ 8,090,919
Contributions as a percentage of covered payroll	13.9%	14.0%	12.9%	12.6%	13.6%	14.1%	13.0%	11.5%	10.8%	9.6%

CITY OF DERBY, KANSAS
Schedule of Changes in the City's Total OPEB Liability and Related Ratios - Health Insurance
Last Three Fiscal Years¹

	2020	2019	2018
Total OPEB liability:			
Service cost	\$ 95,809	\$ 83,306	\$ 83,668
Interest cost	40,395	44,677	36,599
Differences between expected and actual experience	(121,548)	(85,053)	-
Changes of assumptions and inputs	246,207	118,033	(459)
Benefit payments	(42,000)	(40,000)	(30,000)
Net change in total OPEB liability	218,863	120,963	89,808
Total OPEB liability, beginning	1,271,703	1,150,740	1,060,932
Total OPEB liability, ending	<u>\$ 1,490,566</u>	<u>\$ 1,271,703</u>	<u>\$ 1,150,740</u>
Covered payroll	\$ 10,581,465	\$ 10,038,033	\$ 9,396,390
City's total OPEB liability as a percentage of covered payroll	14.09%	12.67%	12.25%

¹ GASB 75 requires the presentation of ten years. Data was not available prior to fiscal year 2018; therefore, ten years of data is unavailable.

CITY OF DERBY, KANSAS
Schedule of Changes in the City's Total OPEB Liability and Related Ratios -
Disability Benefits and Life Insurance
Last Three Fiscal Years¹

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 21,925	\$ 19,930	\$ 19,802
Interest on total OPEB liability	8,163	8,167	6,649
Effect of economic/demographic gains or losses	(7,614)	(8,558)	2,454
Effect of assumptions changes or inputs	15,122	3,250	(2,492)
Benefit payments	<u>(3,959)</u>	<u>(1,200)</u>	<u>(1,200)</u>
Net change in total OPEB liability	33,637	21,589	25,213
Total OPEB liability, beginning	<u>213,298</u>	<u>191,709</u>	<u>166,496</u>
Total OPEB liability, ending	<u><u>\$ 246,935</u></u>	<u><u>\$ 213,298</u></u>	<u><u>\$ 191,709</u></u>
Covered payroll	\$ 6,096,515	\$ 5,795,583	\$ 5,492,200
City's total OPEB liability as a percentage of covered payroll	4.05%	3.68%	3.49%

¹ GASB 75 requires the presentation of ten years. Data was not available prior to fiscal year 2018; therefore, ten years of data is unavailable.

OTHER SUPPLEMENTARY INFORMATION

CITY OF DERBY, KANSAS
COMBINING BALANCE SHEET
GENERAL FUND
December 31, 2020

	General	Derby Senior Activity Board	Payroll	Equipment Reserve	Capital Improvement Reserve	Public Safety Equipment Reserve	Total General Fund
Assets:							
Deposits and investments	\$ 11,494,726	\$ 18,269	\$ 669,945	\$ 23,867	\$ 1,013,447	\$ 830,826	\$ 14,051,080
Receivables (net of allowance for uncollectibles):							
Taxes	9,287,136	-	-	-	-	-	9,287,136
Accounts	99,997	-	-	-	-	-	99,997
Interest	17,432	-	-	-	-	-	17,432
Inventories	257,620	-	-	-	-	-	257,620
Total assets	\$ 21,156,911	\$ 18,269	\$ 669,945	\$ 23,867	\$ 1,013,447	\$ 830,826	\$ 23,713,265
Liabilities:							
Accounts payable	\$ 408,771	\$ 145	\$ -	\$ -	\$ 29,925	\$ 63,739	\$ 502,580
Accrued payroll	-	-	894,183	-	-	-	894,183
Total liabilities	408,771	145	894,183	-	29,925	63,739	1,396,763
Deferred inflows of resources:							
Unavailable revenue - property taxes	7,611,576	-	-	-	-	-	7,611,576
Fund balances (deficits):							
Nonspendable:							
Inventories	257,620	-	-	-	-	-	257,620
Assigned:							
Senior activities	-	18,124	-	-	-	-	18,124
Equipment purchases	-	-	-	23,867	-	767,087	790,954
Capital improvements	134,920	-	-	-	983,522	-	1,118,442
Unassigned	12,744,024	-	(224,238)	-	-	-	12,519,786
Total fund balances (deficits)	13,136,564	18,124	(224,238)	23,867	983,522	767,087	14,704,926
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 21,156,911	\$ 18,269	\$ 669,945	\$ 23,867	\$ 1,013,447	\$ 830,826	\$ 23,713,265

CITY OF DERBY, KANSAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICITS)
GENERAL FUND
Year Ended December 31, 2020

	General	Derby Senior Activity Board	Payroll	Equipment Reserve
Revenues:				
Taxes:				
Property	\$ 8,448,251	\$ -	\$ -	\$ -
Excise	13,859	-	-	-
Sales	4,604,538	-	-	-
Franchise	2,112,700	-	-	-
Intergovernmental	1,116,050	-	-	-
Licenses and permits	493,494	-	-	-
Charges for services	285,817	-	-	-
Fines and fees	698,028	-	-	-
Investment earnings	369,709	-	-	-
Other	470,266	18,230	-	-
Total revenues	18,612,712	18,230	-	-
Expenditures:				
Current:				
General government	4,120,850	6,692	79,079	-
Public works	3,586,873	-	-	-
Public safety	6,954,120	-	-	-
Culture and recreation	1,518,877	-	-	-
Economic development	346,235	-	-	-
Capital outlay	576,950	-	-	15,802
Total expenditures	17,103,905	6,692	79,079	15,802
Excess (deficiency) of revenues over (under) expenditures	1,508,807	11,538	(79,079)	(15,802)
Other financing sources (uses):				
Transfers in	350,000	-	-	-
Transfers out	(918,660)	-	-	-
Sale of general capital assets	7,872	-	-	-
Total other financing sources (uses)	(560,788)	-	-	-
Net change in fund balances (deficits)	948,019	11,538	(79,079)	(15,802)
Fund balances (deficits), beginning of year	12,188,545	6,586	(145,159)	39,669
Fund balances (deficits), end of year	\$ 13,136,564	\$ 18,124	\$ (224,238)	\$ 23,867

(Continued)

CITY OF DERBY, KANSAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICITS)
GENERAL FUND
(Continued)
Year Ended December 31, 2020

	Capital Improvement Reserve	Public Safety Equipment Reserve	Eliminations	Total General Fund
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 8,448,251
Excise	-	-	-	13,859
Sales	-	-	-	4,604,538
Franchise	-	-	-	2,112,700
Intergovernmental	-	3,000	-	1,119,050
Licenses and permits	-	-	-	493,494
Charges for services	-	-	-	285,817
Fines and fees	-	-	-	698,028
Investment earnings	-	-	-	369,709
Other	38,440	-	-	526,936
Total revenues	38,440	3,000	-	18,672,382
Expenditures:				
Current:				
General government	-	-	-	4,206,621
Public works	-	-	-	3,586,873
Public safety	-	-	-	6,954,120
Culture and recreation	-	-	-	1,518,877
Economic development	-	-	-	346,235
Capital outlay	417,930	465,936	-	1,476,618
Total expenditures	417,930	465,936	-	18,089,344
Excess (deficiency) of revenues over (under) expenditures	(379,490)	(462,936)	-	583,038
Other financing sources (uses):				
Transfers in	32,083	886,577	(918,660)	350,000
Transfers out	-	-	918,660	-
Sale of general capital assets	-	-	-	7,872
Total other financing sources (uses)	32,083	886,577	-	357,872
Net change in fund balances (deficits)	(347,407)	423,641	-	940,910
Fund balances (deficits), beginning of year	1,330,929	343,446	-	13,764,016
Fund balances (deficits), end of year	\$ 983,522	\$ 767,087	\$ -	\$ 14,704,926

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DERBY SENIOR ACTIVITY BOARD
Year Ended December 31, 2020

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Contributions	<u>\$ 9,100</u>	<u>\$ 18,230</u>	<u>\$ 9,130</u>
Expenditures:			
Board expenditures	<u>17,080</u>	<u>6,692</u>	<u>(10,388)</u>
Net change in fund balances	(7,980)	11,538	19,518
Fund balance, beginning of year	<u>7,980</u>	<u>6,586</u>	<u>(1,394)</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 18,124</u></u>	<u><u>\$ 18,124</u></u>

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Special Street and Highway – This fund accounts for county/city revenue sharing of a portion of the State’s motor fuel tax. These revenues are restricted to the construction and maintenance of streets, the repair and replacement of curbs, and the repair and construction of sidewalks within the City’s boundaries.

Special Parks and Recreation – This fund accounts for special alcohol liquor tax revenues that are restricted to expenditures for the purchase, establishment, maintenance, or expansion of park and recreational services, programs, and facilities.

Special Drug and Alcohol – This fund accounts for special alcohol liquor tax revenues that are restricted for the purpose of funding programs for the education, treatment, and intervention of alcohol and drug abuse.

Law Enforcement Trust – This fund accounts for seized monies, through a federal agency, to be used for the purchase of police department equipment and crime prevention expenses.

Law Enforcement Trust - State – This fund accounts for seized monies, through state and local agencies, to be used for the purchase of police department equipment and crime prevention expenses.

Library – Ad valorem taxes of approximately 4 mills are levied each year and passed on to the Library Board for the operation of the Derby Public Library. This fund accounts for the payroll and transfer of appropriation funds to the Library.

Library Employee Benefits – This fund accounts for the ad valorem taxes levied for the purpose of Derby Public Library staff employee benefits.

Aquatic Park – This fund accounts for the receipt of the City’s special sales taxes for the construction of an aquatic park and the operations of the aquatic park.

Capital Projects Fund

STAR Bonds – This fund accounts for the City’s STAR bond activity, including the related capital projects and debt service.

CITY OF DERBY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2020

	Special Revenue Funds				
	Special Street and Highway	Special Parks and Recreation	Special Drug and Alcohol	Law Enforcement Trust	Law Enforcement Trust - State
Assets:					
Deposits and investments	\$ 860,166	\$ 192,670	\$ 120,757	\$ 3,427	\$ 26,193
Restricted investments	-	-	-	-	-
Receivables (net of allowance for uncollectibles):					
Taxes	-	-	-	-	-
Total assets	<u>\$ 860,166</u>	<u>\$ 192,670</u>	<u>\$ 120,757</u>	<u>\$ 3,427</u>	<u>\$ 26,193</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources:					
Unavailable revenue - property taxes	-	-	-	-	-
Fund balances:					
Restricted:					
Capital projects	-	-	-	-	-
Substance abuse prevention	-	-	120,757	-	-
Culture and recreation	-	192,670	-	-	-
Crime prevention	-	-	-	3,427	26,193
Library operations	-	-	-	-	-
Streets and sidewalks	860,166	-	-	-	-
Assigned:					
Library operations	-	-	-	-	-
Aquatic park operations	-	-	-	-	-
Total fund balances	<u>860,166</u>	<u>192,670</u>	<u>120,757</u>	<u>3,427</u>	<u>26,193</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 860,166</u>	<u>\$ 192,670</u>	<u>\$ 120,757</u>	<u>\$ 3,427</u>	<u>\$ 26,193</u>

(Continued)

CITY OF DERBY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
December 31, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Library	Library Employee Benefits	Aquatic Park	STAR Bonds	
Assets:					
Deposits and investments	\$ 63,980	\$ 24,097	\$ 869,806	\$ -	\$ 2,161,096
Restricted investments	-	-	-	606,800	606,800
Receivables (net of allowance for uncollectibles):					
Taxes	1,007,134	110,162	49,660	-	1,166,956
Total assets	<u>\$ 1,071,114</u>	<u>\$ 134,259</u>	<u>\$ 919,466</u>	<u>\$ 606,800</u>	<u>\$ 3,934,852</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 947	\$ -	\$ 947
Deferred inflows of resources:					
Unavailable revenue - property taxes	1,007,134	110,162	-	-	1,117,296
Fund balances:					
Restricted:					
Capital projects	-	-	-	606,800	606,800
Substance abuse prevention	-	-	-	-	120,757
Culture and recreation	-	-	-	-	192,670
Crime prevention	-	-	-	-	29,620
Library operations	63,980	-	-	-	63,980
Streets and sidewalks	-	-	-	-	860,166
Assigned:					
Library operations	-	24,097	-	-	24,097
Aquatic park operations	-	-	918,519	-	918,519
Total fund balances	<u>63,980</u>	<u>24,097</u>	<u>918,519</u>	<u>606,800</u>	<u>2,816,609</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,071,114</u>	<u>\$ 134,259</u>	<u>\$ 919,466</u>	<u>\$ 606,800</u>	<u>\$ 3,934,852</u>

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	Special Revenue Funds				
	Special Street and Highway	Special Parks and Recreation	Special Drug and Alcohol	Law Enforcement Trust	Law Enforcement Trust - State
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Excise	-	-	-	-	-
Franchise	-	-	-	-	-
Intergovernmental	931,984	66,383	66,382	-	-
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	1	4
Other	-	-	-	-	29,172
Total revenues	931,984	66,383	66,382	1	29,176
Expenditures:					
Current:					
General government	-	-	33,974	-	-
Public works	673,472	-	-	-	-
Public safety	-	-	-	-	2,986
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	673,472	-	33,974	-	2,986
Excess (deficiency) of revenues over (under) expenditures	258,512	66,383	32,408	1	26,190
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Sales tax special obligation revenue bonds issued	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	258,512	66,383	32,408	1	26,190
Fund balances, beginning of year	601,654	126,287	88,349	3,426	3
Fund balances, end of year	\$ 860,166	\$ 192,670	\$ 120,757	\$ 3,427	\$ 26,193

(Continued)

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
Year Ended December 31, 2020

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Library	Library Employee Benefits	Aquatic Park	STAR Bonds	
Revenues:					
Taxes:					
Property	\$ 1,101,219	\$ 120,409	\$ -	\$ -	\$ 1,221,628
Excise	1,807	198	-	-	2,005
Franchise	-	-	218,521	-	218,521
Intergovernmental	-	-	-	-	1,064,749
Charges for services	-	-	762	-	762
Investment earnings	-	-	6,333	1,143	7,481
Other	-	-	1,534	219,461	250,167
Total revenues	1,103,026	120,607	227,150	220,604	2,765,313
Expenditures:					
Current:					
General government	1,024,967	165,312	-	-	1,224,253
Public works	-	-	-	-	673,472
Public safety	-	-	-	-	2,986
Culture and recreation	-	-	339,951	-	339,951
Debt service:					
Principal	-	-	-	195,400	195,400
Interest and fiscal charges	-	-	-	21,671	21,671
Debt issuance costs	-	-	-	59,206	59,206
Capital outlay	-	-	89,665	58,324	147,989
Total expenditures	1,024,967	165,312	429,616	334,601	2,664,928
Excess (deficiency) of revenues over (under) expenditures	78,059	(44,705)	(202,466)	(113,997)	100,385
Other financing sources (uses):					
Transfers in	-	52,955	-	-	52,955
Transfers out	(52,955)	-	-	-	(52,955)
Sales tax special obligation revenue bonds issued	-	-	-	575,000	575,000
Total other financing sources (uses)	(52,955)	52,955	-	575,000	575,000
Net change in fund balances	25,104	8,250	(202,466)	461,003	675,385
Fund balances, beginning of year	38,876	15,847	1,120,985	145,797	2,141,224
Fund balances, end of year	\$ 63,980	\$ 24,097	\$ 918,519	\$ 606,800	\$ 2,816,609

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL STREET AND HIGHWAY FUND
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Gasoline tax	\$ 949,805	\$ 931,984	\$ (17,821)
Expenditures:			
Capital outlay	1,311,988	673,472	(638,516)
Net change in fund balances	(362,183)	258,512	620,695
Fund balance, beginning of year	362,183	601,654	239,471
Fund balance, end of year	\$ -	\$ 860,166	\$ 860,166

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL PARKS AND RECREATION FUND
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget -
Revenues:			
Special alcohol tax	\$ 78,888	\$ 66,383	\$ (12,505)
Expenditures:			
Capital outlay	200,357	-	(200,357)
Net change in fund balances	(121,469)	66,383	187,852
Fund balances, beginning of year	121,469	126,287	4,818
Fund balances, end of year	\$ -	\$ 192,670	\$ 192,670

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL DRUG AND ALCOHOL FUND
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special alcohol tax	\$ 78,888	\$ 66,382	\$ (12,506)
Expenditures:			
Contributions to others	2,000	1,000	(1,000)
Treatment program	18,700	-	(18,700)
DARE program	44,500	32,974	(11,526)
Capital outlay	51,500	-	(51,500)
Contingency	25,295	-	(25,295)
Total expenditures	141,995	33,974	(108,021)
Net change in fund balance	(63,107)	32,408	95,515
Fund balance, beginning of year	63,107	88,349	25,242
Fund balance, end of year	\$ -	\$ 120,757	\$ 120,757

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 1,092,511	\$ 1,103,026	\$ 10,515
Expenditures:			
Personnel	658,728	599,967	(58,761)
Contractual	409,071	425,000	15,929
Total expenditures	1,067,799	1,024,967	(42,832)
Excess of revenues over expenditures	24,712	78,059	53,347
Other financing uses:			
Transfers out	(52,955)	(52,955)	-
Net change in fund balance	(28,243)	25,104	53,347
Fund balance, beginning of year	28,243	38,876	10,633
Fund balance, end of year	\$ -	\$ 63,980	\$ 63,980

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY EMPLOYEE BENEFITS FUND
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 119,143	\$ 120,607	\$ 1,464
Expenditures:			
Personnel	187,680	165,312	(22,368)
Deficit of revenues under expenditures	(68,537)	(44,705)	23,832
Other financing sources:			
Transfers in	52,955	52,955	-
Net change in fund balance	(15,582)	8,250	23,832
Fund balance, beginning of year	15,582	15,847	265
Fund balance, end of year	\$ -	\$ 24,097	\$ 24,097

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
AQUATIC PARK FUND
Year Ended December 31, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Charges for services	\$ 26,489	\$ 2,034	\$ 762	\$ (1,272)
Franchise tax	233,200	214,574	218,521	3,947
Investment earnings	12,000	12,000	6,333	(5,667)
Other	(16,400)	-	1,534	1,534
Total revenues	255,289	228,608	227,150	(1,458)
Expenditures:				
Contractual	300,624	429,657	339,951	(89,706)
Capital outlay	50,000	367,580	169,817	(197,763)
Total expenditures	350,624	797,237	509,768	(287,469)
Deficiency of revenues under expenditures	(95,335)	(568,629)	(282,618)	286,011
Other financing sources (uses):				
Transfers in	-	58,000	440,000	382,000
Transfers out	-	(58,000)	(440,000)	(382,000)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(95,335)	(568,629)	(282,618)	286,011
Fund balance, beginning of year	980,491	1,120,986	1,120,985	(1)
Fund balance, end of year	<u>\$ 885,156</u>	<u>\$ 552,357</u>	838,367	<u>\$ 286,010</u>
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received			80,152	
Fund balance on the basis of GAAP			<u>\$ 918,519</u>	

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem property tax	\$ 2,689,455	\$ 2,704,898	\$ 15,443
Delinquent tax	25,000	32,116	7,116
Motor vehicle tax	303,164	316,310	13,146
Excise tax	4,200	5,012	812
Special assessments	3,638,973	3,759,914	120,941
Intergovernmental	77,273	-	(77,273)
Investment earnings	50,000	48,364	(1,636)
Other	501,225	455,070	(46,155)
Total revenues	<u>7,289,290</u>	<u>7,321,684</u>	<u>32,394</u>
Expenditures:			
Principal	5,632,792	5,453,162	(179,630)
Interest	1,823,903	1,740,614	(83,289)
Miscellaneous	745,700	-	(745,700)
Total expenditures	<u>8,202,395</u>	<u>7,193,776</u>	<u>(1,008,619)</u>
Excess (deficiency) of revenues over (under) expenditures	(913,105)	127,908	1,041,013
Other financing sources:			
Transfers in	<u>-</u>	<u>145,700</u>	<u>145,700</u>
Net change in fund balance	(913,105)	273,608	1,186,713
Fund balance, beginning of year	<u>913,105</u>	<u>947,603</u>	<u>34,498</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 1,221,211</u>	<u>\$ 1,221,211</u>

CITY OF DERBY, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
DERBY PUBLIC LIBRARY
December 31, 2020

Assets:

Deposits and investments	\$ 492,331
Prepaid items	<u>37,334</u>
Total assets	<u><u>\$ 529,665</u></u>

Liabilities:

Accounts payable	<u>\$ 43,866</u>
------------------	------------------

Fund balance:

Nonspendable - prepaid items	37,334
Assigned	<u>448,465</u>
Total fund balance	<u>485,799</u>
Total liabilities and fund balance	<u><u>\$ 529,665</u></u>

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT
DERBY PUBLIC LIBRARY
Year Ended December 31, 2020

Revenues:	
Taxes	\$ 425,000
Fines and fees	83,354
Gifts and grants	155,807
Investment earnings	<u>1,029</u>
Total revenues	665,190
Expenditures:	
Current:	
Education	<u>549,999</u>
Net change in fund balance	115,191
Fund balance, beginning of year	<u>370,608</u>
Fund balance, end of year	<u><u>\$ 485,799</u></u>

STATISTICAL SECTION

This part of the City of Derby comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the City's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	90
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	95
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	99
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	103
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	105

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF DERBY, KANSAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 79,858,992	\$ 80,525,898	\$ 74,929,343	\$ 76,973,789	\$ 78,997,234	\$ 80,079,611	\$ 81,044,031	\$ 89,230,087	\$ 89,103,942	\$ 83,079,651
Restricted	34,854,348	34,303,052	31,377,673	23,979,186	25,855,605	28,934,914	27,849,580	25,633,762	26,983,097	32,414,255
Unrestricted	9,881,201	9,065,412	9,251,877	9,426,115	1,563,053	2,775,689	4,121,645	4,135,072	5,205,544	5,023,778
Total governmental activities net position	<u>\$ 124,594,541</u>	<u>\$ 123,894,362</u>	<u>\$ 115,558,893</u>	<u>\$ 110,379,090</u>	<u>\$ 106,415,892</u>	<u>\$ 111,790,214</u>	<u>\$ 113,015,256</u>	<u>\$ 118,998,921</u>	<u>\$ 121,292,583</u>	<u>\$ 120,517,684</u>
Business-type activities										
Net investment in capital assets	\$ 12,648,185	\$ 16,174,228	\$ 22,590,541	\$ 23,494,493	\$ 23,496,049	\$ 23,673,645	\$ 25,936,436	\$ 22,161,174	\$ 24,317,166	\$ 26,447,176
Unrestricted	6,828,358	6,311,206	7,297,156	8,332,066	8,054,907	8,349,054	8,570,330	13,678,977	11,960,374	14,263,673
Total business-type activities net position	<u>\$ 19,476,543</u>	<u>\$ 22,485,434</u>	<u>\$ 29,887,697</u>	<u>\$ 31,826,559</u>	<u>\$ 31,550,956</u>	<u>\$ 32,022,699</u>	<u>\$ 34,506,766</u>	<u>\$ 35,840,151</u>	<u>\$ 36,277,540</u>	<u>\$ 40,710,849</u>
Primary Government										
Net investment in capital assets	\$ 92,507,177	\$ 96,700,126	\$ 97,519,884	\$ 89,685,561	\$ 102,493,283	\$ 103,753,256	\$ 106,980,467	\$ 111,391,261	\$ 113,421,108	\$ 109,526,827
Restricted	34,854,348	34,303,052	31,377,673	23,979,186	25,855,605	28,934,914	27,849,580	25,633,762	26,983,097	32,414,255
Unrestricted	16,709,559	15,376,618	16,549,033	28,540,902	9,617,960	11,124,743	12,691,975	17,814,049	17,165,918	19,287,451
Total primary government net position	<u>\$ 144,071,084</u>	<u>\$ 146,379,796</u>	<u>\$ 145,446,590</u>	<u>\$ 142,205,649</u>	<u>\$ 137,966,848</u>	<u>\$ 143,812,913</u>	<u>\$ 147,522,022</u>	<u>\$ 154,839,072</u>	<u>\$ 157,570,123</u>	<u>\$ 161,228,533</u>

CITY OF DERBY, KANSAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 7,692,456	\$ 7,615,756	\$ 7,925,610	\$ 7,897,162	\$ 7,657,466	\$ 7,773,058	\$ 7,703,658	\$ 6,521,315	\$ 7,661,796	\$ 7,354,943
Public safety	4,435,262	4,617,464	4,496,414	4,673,971	4,880,233	5,134,304	5,355,900	7,394,895	7,785,647	8,428,244
Public works	6,109,047	6,590,225	5,692,678	6,679,417	6,245,143	6,411,905	7,142,710	6,652,629	6,781,124	7,333,085
Culture and recreation	1,392,517	1,394,238	1,464,069	5,825,829	1,317,498	1,826,872	1,505,068	2,052,916	2,031,318	5,384,947
Economic development	486,128	456,529	454,647	414,564	372,781	390,258	372,519	372,102	385,028	346,334
Interest on long-term debt	2,243,335	2,121,243	1,892,577	2,019,786	1,792,237	1,698,437	1,844,998	2,164,724	2,302,615	2,272,672
Total government activities expenses	<u>22,358,745</u>	<u>22,795,455</u>	<u>21,925,995</u>	<u>27,510,729</u>	<u>22,265,358</u>	<u>23,234,834</u>	<u>23,924,853</u>	<u>25,158,581</u>	<u>26,947,528</u>	<u>31,120,225</u>
Business-type activities:										
Sewer	2,226,265	2,428,280	2,527,094	2,542,525	3,045,801	2,941,529	2,745,237	2,741,641	2,429,493	2,905,321
Water	3,872,934	3,866,507	4,157,883	4,430,801	4,422,221	4,736,231	5,415,949	5,524,713	7,351,896	5,578,717
Stormwater	-	-	366,660	423,080	435,426	439,443	484,247	584,204	551,061	533,322
Total business-type activities expenses	<u>6,099,199</u>	<u>6,294,787</u>	<u>7,051,637</u>	<u>7,396,406</u>	<u>7,903,448</u>	<u>8,117,203</u>	<u>8,645,433</u>	<u>8,850,558</u>	<u>10,332,450</u>	<u>9,017,360</u>
Total primary government expenses	<u>\$ 28,457,944</u>	<u>\$ 29,090,242</u>	<u>\$ 28,977,632</u>	<u>\$ 34,907,135</u>	<u>\$ 30,168,806</u>	<u>\$ 31,352,037</u>	<u>\$ 32,570,286</u>	<u>\$ 34,009,139</u>	<u>\$ 37,279,978</u>	<u>\$ 40,137,585</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,414,398	\$ 1,162,410	\$ 771,990	\$ 1,035,382	\$ 1,191,360	\$ 1,002,225	\$ 1,257,306	\$ 1,094,366	\$ 1,327,032	\$ 1,139,593
Public safety	743,245	767,224	585,885	905,643	824,400	531,558	557,714	748,847	739,358	700,729
Public works/services/engineering/parks	419,464	500,981	530,670	395,668	413,635	395,934	558,314	424,909	903,731	715,229
Culture and recreation	322,850	295,766	137,679	189,380	219,063	151,240	75,246	121,935	128,131	10,891
Operating grants and contributions	1,397,938	1,298,692	1,291,076	1,298,680	1,335,151	1,358,052	1,574,236	1,556,013	1,472,861	2,197,598
Capital grants and contributions	2,638,496	1,963,822	192,822	1,986,888	5,028,289	6,596,190	3,610,682	6,700,340	2,950,330	5,055,799
Total governmental activities program revenues	<u>6,936,391</u>	<u>5,988,895</u>	<u>3,510,122</u>	<u>5,811,641</u>	<u>9,011,898</u>	<u>10,035,199</u>	<u>7,633,498</u>	<u>10,646,410</u>	<u>7,521,443</u>	<u>9,819,839</u>
Business-type activities										
Charges for services:										
Sewer	2,812,454	2,820,111	2,820,305	2,853,072	2,933,501	2,982,348	3,099,532	3,162,718	3,256,901	3,290,006
Water	3,938,774	4,294,648	3,759,431	4,430,777	4,626,455	4,809,111	5,251,795	5,720,171	5,759,774	6,718,575
Stormwater	-	-	524,016	532,338	541,292	558,777	603,673	578,854	602,574	612,193
Capital grants and contributions	68,457	2,387,336	45,491	281,709	43,316	41,698	39,760	929,963	35,710	-
Total business-type activities program revenues	<u>6,819,685</u>	<u>9,502,095</u>	<u>7,149,243</u>	<u>8,097,896</u>	<u>8,144,564</u>	<u>8,391,934</u>	<u>8,994,760</u>	<u>10,391,706</u>	<u>9,654,959</u>	<u>10,620,774</u>
Total primary government program revenues	<u>\$ 13,756,076</u>	<u>\$ 15,490,990</u>	<u>\$ 10,659,365</u>	<u>\$ 13,909,537</u>	<u>\$ 17,156,462</u>	<u>\$ 18,427,133</u>	<u>\$ 16,628,258</u>	<u>\$ 21,038,116</u>	<u>\$ 17,176,402</u>	<u>\$ 20,440,613</u>
Net (Expense)/Revenue										
Governmental activities	\$ (15,422,354)	\$ (16,806,560)	\$ (18,415,873)	\$ (21,699,088)	\$ (13,253,460)	\$ (13,199,635)	\$ (16,291,355)	\$ (14,512,171)	\$ (19,426,085)	\$ (21,300,386)
Business-type activities	720,486	3,207,308	97,606	701,490	241,116	274,731	349,327	1,541,148	(677,491)	1,603,414
Total primary government net expense	<u>\$ (14,701,868)</u>	<u>\$ (13,599,252)</u>	<u>\$ (18,318,267)</u>	<u>\$ (20,997,598)</u>	<u>\$ (13,012,344)</u>	<u>\$ (12,924,904)</u>	<u>\$ (15,942,028)</u>	<u>\$ (12,971,023)</u>	<u>\$ (20,103,576)</u>	<u>\$ (19,696,972)</u>

(Continued)

CITY OF DERBY, KANSAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes - general	\$ 9,464,138	\$ 9,550,403	\$ 9,600,347	\$ 9,622,171	\$ 9,840,794	\$ 10,092,153	\$ 10,744,257	\$ 11,294,754	\$ 11,891,950	\$ 12,723,203
Sales taxes	5,351,941	5,591,910	5,854,328	6,035,167	6,288,336	6,555,967	6,574,912	6,970,762	7,422,454	7,748,364
Franchise taxes	1,821,500	1,796,443	1,862,477	2,020,693	1,941,546	1,967,030	1,997,039	2,360,746	2,319,524	2,331,221
Excise taxes	14,744	17,118	15,520	15,918	7,442	25,731	18,048	18,460	21,586	20,876
Unrestricted Investment earnings	50,874	22,298	48,533	24,380	51,676	108,238	278,463	573,474	1,060,534	476,756
Transfers	173,186	(1,720)	(7,300,801)	(1,199,044)	(317,678)	(179,209)	(2,122,197)	168,730	(996,301)	(2,774,933)
Gain on sale of capital assets	-	-	-	-	-	4,047	25,875	10,590	-	-
Total governmental activities	<u>\$ 16,876,383</u>	<u>\$ 16,976,452</u>	<u>\$ 10,080,404</u>	<u>\$ 16,519,285</u>	<u>\$ 17,812,116</u>	<u>\$ 18,573,957</u>	<u>\$ 17,516,397</u>	<u>\$ 21,397,516</u>	<u>\$ 21,719,747</u>	<u>\$ 20,525,487</u>
Business type activities:										
Unrestricted Investment earnings	\$ 15,595	\$ 4,288	\$ 3,856	\$ 4,828	\$ 6,834	\$ 17,803	\$ 26,151	\$ 63,665	\$ 118,579	\$ 54,962
Gain on sale of capital assets	-	-	-	33,500	-	-	(13,608)	-	-	-
Transfers	(173,186)	1,720	7,300,801	1,199,044	317,678	179,209	2,122,197	(168,730)	996,301	2,774,933
Total business-type activities	<u>(157,591)</u>	<u>6,008</u>	<u>7,304,657</u>	<u>1,237,372</u>	<u>324,512</u>	<u>197,012</u>	<u>2,134,740</u>	<u>(105,065)</u>	<u>1,114,880</u>	<u>2,829,895</u>
Total primary government	<u>\$ 16,718,792</u>	<u>\$ 16,982,460</u>	<u>\$ 17,385,061</u>	<u>\$ 17,756,657</u>	<u>\$ 18,136,628</u>	<u>\$ 18,770,969</u>	<u>\$ 19,651,137</u>	<u>\$ 21,292,451</u>	<u>\$ 22,834,627</u>	<u>\$ 23,355,382</u>
Change in Net Position										
Governmental activities	\$ 1,454,029	\$ 169,892	\$ (8,335,469)	\$ (5,179,803)	\$ 4,558,656	\$ 5,374,322	\$ 1,225,042	\$ 6,885,345	\$ 2,293,662	\$ (774,899)
Business-type activities	562,895	3,213,316	7,402,263	1,938,862	565,628	471,743	2,484,067	1,436,083	437,389	4,433,309
Total primary government	<u>\$ 2,016,924</u>	<u>\$ 3,383,208</u>	<u>\$ (933,206)</u>	<u>\$ (3,240,941)</u>	<u>\$ 5,124,284</u>	<u>\$ 5,846,065</u>	<u>\$ 3,709,109</u>	<u>\$ 8,321,428</u>	<u>\$ 2,731,051</u>	<u>\$ 3,658,410</u>

CITY OF DERBY, KANSAS
FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund										
Nonspendable	\$ 209,459	\$ 242,792	\$ 218,990	\$ 240,913	\$ 255,178	\$ 250,646	\$ 326,159	\$ 348,621	\$ 357,627	\$ 257,620
Restricted	1,716	1,716	1,834	-	-	-	-	-	-	-
Assigned	3,798,981	3,190,251	3,007,474	1,740,418	1,462,054	1,648,394	2,086,983	1,891,919	1,961,123	1,927,520
Unassigned	<u>5,470,372</u>	<u>5,722,861</u>	<u>5,836,379</u>	<u>6,664,396</u>	<u>7,539,205</u>	<u>8,422,593</u>	<u>9,549,018</u>	<u>10,532,329</u>	<u>11,445,266</u>	<u>12,519,786</u>
Total general fund	<u>\$ 9,480,528</u>	<u>\$ 9,157,620</u>	<u>\$ 9,064,677</u>	<u>\$ 8,645,727</u>	<u>\$ 9,256,437</u>	<u>\$ 10,321,633</u>	<u>\$ 11,962,160</u>	<u>\$ 12,772,869</u>	<u>\$ 13,764,016</u>	<u>\$ 14,704,926</u>
 All other governmental funds										
Restricted	\$ 8,551,064	\$ 12,285,790	\$ 12,336,780	\$ 14,675,470	\$ 8,957,637	\$ 6,405,520	\$ 9,103,122	\$ 15,758,314	\$ 13,979,282	\$ 15,853,031
Assigned	<u>301,984</u>	<u>571,137</u>	<u>689,074</u>	<u>1,036,874</u>	<u>1,221,910</u>	<u>1,342,277</u>	<u>1,214,692</u>	<u>1,087,867</u>	<u>1,136,832</u>	<u>942,616</u>
Total all other governmental funds	<u>\$ 8,853,048</u>	<u>\$ 12,856,927</u>	<u>\$ 13,025,854</u>	<u>\$ 15,712,344</u>	<u>\$ 10,179,547</u>	<u>\$ 7,747,797</u>	<u>\$ 10,317,814</u>	<u>\$ 16,846,181</u>	<u>\$ 15,116,114</u>	<u>\$ 16,795,647</u>

CITY OF DERBY, KANSAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes:										
Property - general	\$ 9,464,138	\$ 9,550,403	\$ 9,600,347	\$ 9,622,171	\$ 9,840,794	\$ 10,092,153	\$ 10,744,257	\$ 11,294,754	\$ 11,891,950	\$ 12,723,203
Excise	14,744	17,118	15,520	15,918	7,442	25,731	18,048	18,460	21,586	20,876
Sales	5,351,941	5,591,910	5,854,328	6,035,167	6,288,336	6,555,967	6,574,912	6,970,762	7,422,454	7,748,364
Franchise	1,821,500	1,796,443	1,862,477	2,020,693	1,941,546	1,967,030	1,997,039	2,360,746	2,319,524	2,331,221
Special assessments	4,274,204	4,396,792	4,410,563	4,554,121	4,311,811	3,862,017	3,745,878	3,691,226	3,539,077	3,895,582
Intergovernmental	1,936,287	1,708,118	1,417,910	1,396,754	1,528,793	1,503,968	1,679,956	1,565,344	1,649,716	2,198,840
Licenses & permits	462,070	351,727	516,908	445,416	490,566	414,531	646,612	471,649	672,927	493,494
Charges for services	228,574	240,231	255,227	279,559	276,316	307,493	530,879	376,653	464,417	286,579
Fines & fees	795,731	857,092	728,104	919,007	981,393	739,194	800,015	779,638	843,861	698,028
Investment earnings	50,874	22,298	48,533	24,380	51,675	108,238	278,463	573,474	1,060,535	476,756
Miscellaneous	957,048	1,013,753	633,469	874,039	787,956	911,346	943,852	1,023,707	1,285,556	1,251,173
Total revenues	25,357,111	25,545,885	25,343,386	26,187,225	26,506,628	26,487,668	27,959,911	29,126,413	31,171,603	32,124,116
Expenditures										
General government	6,634,861	6,936,726	7,481,897	7,469,262	7,402,130	7,301,623	7,697,476	6,001,631	6,594,963	5,848,216
Public works	2,876,578	3,401,305	2,799,674	3,869,142	3,359,036	3,306,997	3,433,333	3,781,531	3,772,442	4,260,345
Public safety	4,008,579	4,080,085	4,148,474	4,263,425	4,491,568	4,824,089	4,922,062	7,101,767	7,612,141	7,843,728
Culture and recreation	-	1,102,396	1,129,603	1,123,977	1,050,885	1,202,081	1,346,478	1,638,390	1,374,470	1,858,828
Parks and recreation	1,054,174	-	-	-	-	-	-	-	-	-
Economic development	486,128	456,529	454,647	414,465	372,583	390,061	372,322	371,905	384,831	346,235
Debt service										
Principal	6,190,000	6,256,250	8,034,943	13,289,226	6,215,476	5,909,759	6,036,009	6,035,459	13,872,209	12,758,562
Interest and fiscal charges	2,288,562	1,907,859	1,767,365	1,670,504	1,604,036	1,549,600	1,548,588	1,849,827	2,133,516	2,095,706
Debt issuance costs	147,271	237,126	152,252	317,625	256,438	172,610	268,954	315,121	270,973	309,744
Capital outlay	5,019,677	5,205,580	7,073,178	6,738,444	9,548,113	5,911,465	7,496,574	9,607,941	13,311,867	9,470,688
Total expenditures	28,705,830	29,583,856	33,042,033	39,156,070	34,300,265	30,568,285	33,121,796	36,703,572	49,327,412	44,792,052
Deficiency of revenues under expenditures	(3,348,719)	(4,037,971)	(7,698,647)	(12,968,845)	(7,793,637)	(4,080,617)	(5,161,885)	(7,577,159)	(18,155,809)	(12,667,936)
Other Financing Sources (Uses)										
General obligation bonds issued	5,665,000	3,475,630	4,500,000	9,285,000	6,480,000	1,275,000	7,405,000	12,490,000	14,211,960	3,990,000
General obligation refunding bonds issued	3,985,000	7,585,000	1,700,000	3,300,000	3,165,000	4,485,000	-	-	-	3,415,000
Premium on general obligation bonds issued	265,106	46,859	167,968	337,385	347,087	251,322	153,429	447,467	1,201,244	445,507
Discount on general obligation bonds issued	-	(2,909)	-	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	(7,058,518)	(7,465,498)	-	-	(3,205,139)	(1,307,859)	-	-	-	-
Sales tax special obligation revenue bonds issued	-	-	-	-	-	-	-	-	-	575,000
Temporary notes issued	-	5,480,000	4,630,000	3,885,000	-	1,470,000	3,905,000	4,635,000	1,975,000	6,855,000
Payment to refund temporary notes	(1,895,000)	(1,565,000)	(3,550,000)	(1,930,000)	(4,705,000)	(3,810,000)	(2,450,000)	(3,480,000)	-	-
Sale of general capital assets	-	-	-	-	-	-	-	-	25,512	7,872
Transfers in (out), net	664,937	164,860	326,663	359,000	372,914	350,600	359,000	360,634	3,173	-
Total other financing sources (uses)	1,626,525	7,718,942	7,774,631	15,236,385	2,454,862	2,714,063	9,372,429	14,453,101	17,416,889	15,288,379
Net change in fund balance	\$ (1,722,194)	\$ 3,680,971	\$ 75,984	\$ 2,267,540	\$ (5,338,775)	\$ (1,366,554)	\$ 4,210,544	\$ 6,875,942	\$ (738,920)	\$ 2,620,443
Debt service as a percentage of noncapital expenditures	33.96%	32.58%	37.43%	45.74%	31.35%	28.81%	26.60%	28.99%	42.57%	36.00%

CITY OF DERBY, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Estate	Personal Property	Utilities	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed to Total Estimated Actual Value
2011	\$ 296,920,674	\$ 3,815,980	\$4,454,954	\$ 126,889,967	\$ 178,301,641	47.340	\$ 1,445,290,924	12.34%
2012	306,068,880	3,402,511	4,470,862	132,831,042	181,111,211	47.153	1,468,295,455	12.33%
2013	304,037,825	3,061,261	4,396,534	130,415,949	181,079,671	47.054	1,466,077,942	12.35%
2014	314,043,786	3,541,887	4,380,760	136,737,947	185,228,486	47.149	1,501,702,109	12.33%
2015	330,017,787	3,389,626	4,770,959	148,603,132	189,575,240	47.009	1,543,334,156	12.28%
2016	346,611,750	3,651,687	4,930,888	151,779,486	203,414,839	48.021	1,622,937,503	12.53%
2017	375,018,590	3,072,651	5,307,594	175,637,615	207,761,220	48.075	1,694,655,711	12.26%
2018	394,029,436	3,010,975	5,697,575	181,982,343	220,755,643	48.063	1,792,088,075	12.32%
2019	420,173,053	3,009,709	6,044,633	191,405,045	237,822,350	48.049	1,916,336,797	12.41%
2020	450,141,884	3,227,016	6,357,574	206,391,784	253,334,690	48.040	2,050,569,002	12.35%

Source: Sedgwick County Clerk's Office

CITY OF DERBY, KANSAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$1,000 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates				Overlapping Rates				Total
	General Rate	Debt Service	Misc	Total Direct Rate	El Paso Cemetery	USD 260	Sedgwick County	State of Kansas	
2011	33.436	9.255	4.649	47.340	1.040	57.631	29.428	1.500	136.939
2012	34.843	7.680	4.630	47.153	1.040	59.305	29.447	1.500	138.445
2013	34.539	7.891	4.624	47.054	1.058	60.082	29.377	1.500	139.071
2014	32.211	10.302	4.636	47.149	1.057	56.294	29.478	1.500	135.478
2015	34.502	7.897	4.610	47.009	1.068	62.156	29.383	1.500	141.116
2016	33.870	9.539	4.612	48.021	1.053	59.433	29.393	1.500	139.400
2017	31.916	11.543	4.616	48.075	1.036	60.684	29.393	1.500	140.688
2018	31.908	11.540	4.615	48.063	1.025	65.699	29.383	1.500	145.670
2019	31.900	11.535	4.614	48.049	1.016	66.004	29.384	1.500	145.953
2020	31.428	11.999	4.613	48.040	0.988	65.888	29.376	1.500	145.792

Source: Sedgwick County Clerk's Office

CITY OF DERBY, KANSAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
CBC DERBY LLC	\$ 6,146,648	1	2.43%			
Derby Marketplace	3,969,666	2	1.57%	\$ 4,459,825	1	2.50%
Wal-Mart Real Estate Business Trust	3,919,184	3	1.55%	2,279,988	2	1.28%
Evergy Kansas South Inc ¹	3,550,416	4	1.40%	1,745,880	6	0.98%
The Greens at Derby	3,379,644	5	1.33%	3,500,142	3	1.96%
The Trails at Derby	3,239,240	6	1.28%			
Cole MT Derby KS LLC	2,229,400	7	0.88%			
Fairways at Derby LP	2,096,831	8	0.83%	1,291,820	9	0.72%
Dillon Companies	1,955,405	9	0.77%	2,173,520	4	1.22%
Lowes Home Centers Inc	1,903,175	10	0.75%	1,718,800	7	0.96%
Target Corporation				2,040,200	5	1.14%
Kohl's Illinois Inc				1,687,500	8	0.95%
Kansas Gas Service-A Division of Oneok				1,263,747	10	0.71%
Total	<u>\$ 32,389,609</u>		<u>12.79%</u>	<u>\$ 22,161,422</u>		<u>12.42%</u>

Source: Sedgwick County Clerk's Office

¹Evergy Kansas South Inc. was previously Kansas Gas & Electric - A Westar Energy Co.

CITY OF DERBY, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
2011	\$ 8,306,414	\$ 8,175,848	98.43%	\$ 71,443	\$ 8,247,291	99.29%	\$ 130,566	1.57%
2012	8,445,103	8,300,693	98.29%	131,493	8,432,186	99.85%	144,410	1.71%
2013	8,543,051	8,356,145	97.81%	158,989	8,515,134	99.67%	186,906	2.19%
2014	8,524,135	8,388,967	98.41%	90,694	8,479,661	99.48%	135,168	1.59%
2015	8,735,837	8,577,770	98.19%	140,388	8,718,158	99.80%	158,066	1.81%
2016	8,918,124	8,725,484	97.84%	84,148	8,809,632	98.78%	192,640	2.16%
2017	9,774,096	9,360,167	95.77%	124,766	9,484,933	97.04%	413,929	4.23%
2018	9,996,339	9,840,111	98.44%	149,823	9,989,934	99.94%	156,228	1.56%
2019	10,618,790	10,471,927	98.62%	152,172	10,624,099	100.05%	146,863	1.38%
2020	11,436,058	11,278,324	98.62%	124,962	11,403,286	99.71%	157,734	1.38%

Source: Sedgwick County Treasurer's Office

CITY OF DERBY, KANSAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Legal debt limit	\$ 91,557,482	\$ 94,182,676	\$ 90,448,686	\$ 96,589,930	\$ 101,453,512	\$ 106,558,298	\$ 115,019,651	\$ 120,821,396	\$ 128,768,219	\$ 137,917,942
Total net debt applicable to debt limit	56,503,891	63,407,122	60,881,203	59,688,444	59,351,072	57,416,943	58,030,747	66,881,676	66,477,397	66,053,789
Legal debt margin	<u>\$ 35,053,591</u>	<u>\$ 30,775,554</u>	<u>\$ 29,567,483</u>	<u>\$ 36,901,486</u>	<u>\$ 42,102,440</u>	<u>\$ 49,141,355</u>	<u>\$ 56,988,904</u>	<u>\$ 53,939,720</u>	<u>\$ 62,290,822</u>	<u>\$ 71,864,153</u>
Legal debt margin as a percentage of debt limit	38.29%	32.68%	32.69%	38.20%	41.50%	46.12%	49.55%	44.64%	48.37%	52.11%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 253,334,690
Add back: exempt real property	<u>206,391,784</u>
Total assessed value	\$ 459,726,474
Debt limit (30% of total assessed value)	137,917,942
Debt applicable to limit:	
General obligation bonds	67,275,000
Less: amount set aside for repayment of general obligation debt	<u>(1,221,211)</u>
Total net debt applicable to limit	<u>\$ 66,053,789</u>

Note: Per Kansas Statutes Annotated ("K.S.A.") Section 10-308, "The authorized and outstanding bonded indebtedness of any city shall not exceed 30% of the assessed valuation of the city. K.S.A. Section 10-309 allows for certain exceptions to calculating the legal debt limit.

CITY OF DERBY, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities			Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Obligation Bonds	Temp Notes	Certificates of Participation	Revolving Loan	General Obligation Bonds	Total Primary Government		
2011	\$ 57,445,000	\$ -	\$ 1,565,000	\$ 960,000	\$ 2,856,493	\$ 10,075,000	\$ 72,901,493	N/A	\$ 3,290
2012	55,739,380	-	5,480,000	665,000	1,417,466	8,850,620	72,152,466	N/A	3,239
2013	54,673,801	-	6,560,000	455,000	1,643,933	8,015,525	71,348,259	N/A	3,110
2014	54,464,938	-	8,515,000	230,000	1,286,181	7,157,461	71,653,580	N/A	3,109
2015	55,402,024	-	3,810,000	-	1,227,293	6,297,086	66,736,403	N/A	2,872
2016	54,097,496	-	1,470,000	-	1,166,864	5,430,410	62,164,770	N/A	2,644
2017	55,493,643	-	2,925,000	-	1,104,853	4,554,984	64,078,480	N/A	2,711
2018	62,339,797	740,400	4,080,000	-	1,041,220	7,488,622	75,690,039	N/A	3,184
2019	64,084,826	529,200	5,845,000	-	975,921	6,424,015	77,858,962	N/A	3,150
2020	64,967,933	908,800	6,855,000	-	908,914	5,508,876	79,149,523	N/A	3,173

Note: Percentage of personal income information not available.

CITY OF DERBY, KANSAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Taxable Value	Percentage of Estimated Actual Taxable Value of Property	Population	Per Capita
2011	\$ 57,445,000	\$ 941,109	\$ 56,503,891	\$ 178,301,641	31.69%	22,158	\$ 2,550
2012	64,590,000	1,182,878	63,407,122	181,111,211	35.01%	22,279	2,846
2013	61,885,000	1,003,797	60,881,203	181,079,671	33.62%	22,279	2,733
2014	60,595,000	906,556	59,688,444	185,228,486	32.22%	23,047	2,590
2015	60,450,000	1,098,928	59,351,072	189,575,240	31.31%	23,234	2,554
2016	58,150,000	733,057	57,416,943	203,414,839	28.23%	23,509	2,442
2017	60,048,627	634,253	59,414,374	207,761,220	28.60%	23,633	2,514
2018	69,828,419	928,324	68,900,095	220,755,643	31.21%	23,771	2,898
2019	70,508,841	947,603	69,561,238	237,822,350	29.25%	24,721	2,814
2020	70,476,809	1,221,211	69,255,598	253,334,690	27.34%	24,943	2,777

CITY OF DERBY, KANSAS
GOVERNMENTAL ACTIVITIES DIRECT AND OVERLAPPING DEBT

December 31, 2020

Taxing Body	Debt		City's Share		Per Capita
	Amount	As of Date	Percent	Amount	
Estimated Overlapping debt:					
Sedgwick County	\$ 51,850,000	12/31/2020	4.77%	\$ 2,473,245	99.16
USD No. 260	162,195,000	12/31/2020	54.88%	89,012,616	3,568.64
USD No. 263	9,175,000	12/31/2020	0.03%	2,753	0.11
Total Overlapping Debt				91,488,614	3,667.91
City of Derby Direct Debt	72,731,733	12/31/2020	100.00%	72,731,733	2,915.92
Direct and estimated overlapping debt	295,951,733	12/31/2020		164,220,347	6,583.83

Source: Assessed value data used to estimate applicable percentages provided by the Sedgwick County Clerk.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Derby. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

CITY OF DERBY, KANSAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	City Population ¹	County Total Personal Income ² (000's omitted)	County Population ¹	County Per Capita Income ²	City School Enrollment ³	Unemployment Rate ² (Sedgwick County)
2011	22,158	\$ 21,539,879	500,715	\$ 43,018	6,258	7.1%
2012	22,279	22,839,184	503,438	45,366	6,943	6.1%
2013	22,943	22,870,525	505,415	45,251	6,336	6.3%
2014	23,047	23,516,335	508,803	46,219	7,069	5.3%
2015	23,234	Not Available	511,574	Not Available	7,071	4.4%
2016	23,509	25,197,029	512,641	42,858	6,925	4.5%
2017	23,633	Not Available	513,687	Not Available	6,645	3.4%
2018 ⁴	23,771	Not Available	525,294	Not Available	7,411	3.4%
2019 ⁴	24,721	Not Available	516,042	Not Available	7,240	3.3%
2020	24,943	Not Available	Not Available	Not Available	7,225	5.2%

¹Bureau of the Census

²US Bureau of Labor Statistics, Sedgwick County

³Kansas State Department of Education/Derby School District

⁴In 2018 and 2019, Bureau of the Census and US Bureau of Labor Statistics data unavailable, ESRI numbers reported instead.

CITY OF DERBY, KANSAS

PRINCIPAL EMPLOYERS

AS OF DECEMBER 31, 2020

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
USD 260	1,138	1	16.25%	1,070	1	25.50%
Walmart ¹	259	2	3.70%	381	2	9.08%
Dillons	203	3	2.90%	188	3	4.48%
City of Derby	202	4	2.89%	175	4	4.17%
Lowe's Home Improvement	174	5	2.49%	120	6	2.86%
Rock Regional Hospital	135	6	1.93%			
Derby Recreation Commission	120	7	1.71%	92	8	2.19%
El Paso Animal Hospital	69	8	0.99%			
Glen Carr House Memory Care	65	9	0.93%			
BG Products, Inc.	53	10	0.76%			
Derby Health & Rehab				99	7	2.36%
Shared Services, a division of Wal Mart ²				145	5	3.46%
Kohl's				80	9	1.91%
Westview of Derby ³				74	10	1.76%
Total City Employment (est.)	7,000			4,196		

Note: Derby Finance Office

¹Walmart 2020 employment not available so used 2019 information

²Shared Services, a division of Wal Mart closed

³Previously Westview Manor

CITY OF DERBY, KANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Administration & Operations	18.25	18.25	20	20	11	11	11	12	25.8	27.3
Finance	7.5	7.5	8.31	9.5	11.5	11.5	11.5	11.5	11.5	11.5
Operations	4	4	4	4	14	14.7	14.7	14.7	0	0
Planning & Engineering	12	12	8.5	9.5	10.5	11.5	11.5	12	12	12
Public Safety										
Police	61	61	56.5	56.5	56.5	56.5	56.5	57.5	58.5	59.5
Animal Control	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0
Fire	16.15	18.12	18.12	18.12	24.6	24.6	24.6	24.6	27.7	27.8
Public Works	35	35	33	33	33	35	35	35	35	39
Stormwater	0	0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Water	8.75	8.75	9.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Wastewater	11	11	11	11	11	11	11	12	12	13
Total	<u>175.15</u>	<u>177.12</u>	<u>172.13</u>	<u>175.32</u>	<u>185.8</u>	<u>189.5</u>	<u>189.5</u>	<u>193</u>	<u>196.2</u>	<u>202.3</u>

Data Source: City of Derby Operating Budgets

Note: In 2015, Economic Development moved to Planning & Engineering. In 2019, Municipal Court, Senior Services and Transportation moved from Operations to Administration.

CITY OF DERBY, KANSAS

OPERATING INDICATORS BY PROGRAMMING YEAR

LAST TEN FISCAL YEARS

Program/Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Dispatched Calls	27,739	24,317	24,444	24,452	23,208	25,023	23,538	25,631	25,518	25,848
Offenses	2,879	2,192	2,412	2,676	3,027	3,035	3,204	2,883	2,686	2,635
Offenses Cleared	1,758	980	1,067	1,027	1,531	1,309	1,412	1,409	1,268	1,234
Arrests	2,077	955	1,201	1,179	1,259	1,093	1,182	1,161	1,048	1,033
Serious Offenses	750	561	586	583	650	550	582	564	454	515
Fire										
Emergency Responses	2,069	2,096	2,034	2,186	2,268	2,469	2,117	2,193	2,205	2,045
First Responder/Medical	1,422	1,470	1,431	1,539	1,606	1,666	1,350	1,364	1,159	1,214
Life Safety Inspections	773	663	553	523	617	646	640	390	449	140
Water										
New Connections	127	102	74	93	121	77	156	82	60	75
Water Main Breaks	25	30	12	18	14	15	16	31	21	31
Average Daily Consumption	2,570,113	2,780,825	2,168,525	2,172,832	2,100,300	1,994,803	2,618,767	2,208,935	1,911,351	2,144,976
Peak Daily Consumption	6,424,800	4,747,611	7,150,000	4,005,070	3,363,719	4,728,856	7,133,676	4,577,760	4,071,364	4,355,392
Wastewater										
Average Daily Sewage Treatment	1,581,000	1,510,000	1,520,000	1,532,000	2,075,000	2,081,000	1,870,000	1,830,000	1,970,000	1,940,000

Source: Various city departments.

CITY OF DERBY, KANSAS

CAPITAL ASSET STATISTICS BY PROGRAM/FUNCTION

LAST TEN FISCAL YEARS

Program/Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Patrol units	17.00	17.00	17.00	17.00	18.00	18.00	18.00	18.00	18.00	18.00
Fire Stations	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Works										
Streets(lane miles)	318.73	319.04	320.87	322.43	326.80	328.72	333.40	334.63	336.18	340.87
Traffic Signals	17.00	17.00	17.00	19.00	19.00	19.00	19.00	19.00	22.00	23.00
Culture and Recreation										
Acreage	313.68	313.68	313.68	313.68	392.03	392.03	392.03	392.03	392.03	390.27
Playgrounds	19.00	19.00	19.00	19.00	19.00	20.00	20.00	20.00	20.00	21.00
Baseball/Softball diamonds	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	16.00
Aquatic Park	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water										
Water Meter Station	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water mains(miles)	133.00	134.79	136.20	137.90	138.40	139.90	144.06	144.90	146.25	150.33
Fire hydrants	976.00	997.00	999.00	1,031.00	1,044.00	1,061.00	1,117.00	1,132.00	1,144.00	1,182.00
Storage capacity(000's gal)	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00
Wastewater										
Sanitary Sewers(miles)	122.19	123.81	124.40	125.80	126.03	127.30	130.65	131.11	132.57	135.32
Storm Sewer(combined,miles)	46.84	47.47	49.00	50.70	51.30	52.50	54.60	54.60	56.10	57.10
Treatment capacity, gal per day	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00	2,500,000.00

Source: City of Derby GIS