

CITY OF DERBY

# **Comprehensive Annual Financial Report**

*For the year ended December 31, 2019*



CITY OF DERBY, KANSAS

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

Prepared by:

Finance Department  
City of Derby, Kansas

CITY OF DERBY, KANSAS  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
Year Ended December 31, 2019

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May 13, 2020



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, 2019 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. The report for the December 31, 2019 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 2019 of 24,721.

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. The City levies taxes for the Library operation, which represent a significant portion of its total revenues.

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 enterprise funds. Statutes require the budget to be *balanced*, meaning 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, statutes provide for a public hearing on or before August 15<sup>th</sup> of each year and adoption of a final budget on or before August 25<sup>th</sup> 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 budget 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 17<sup>th</sup> 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, Bombardier Learjet 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 continues to expand additional construction and leases. While the financial effects of the pandemic are not known at this time, it is expected that many businesses throughout the City will recover and contribute to sales tax and stable property tax revenue in 2020 and 2021 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). Other attractions are expected to open near the site on north Rock Road.

A second phase of \$9.0 million Sales Tax Special Obligation Revenue Bonds (STAR Bonds) was authorized in Spring 2020 to build Derby Sports Zone, a multi-sport attraction, and infrastructure on north Rock Road. The sale of the bonds is in progress at this time. 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 2019 assessed valuation which funds the 2020 operating budget, grew by 7.7% and is expected to continue to grow. Residential building permits remained strong in 2019 due to construction in the Courtyards, Northbrook and Madison Garden Villas Additions. Non-residential building permits jumped in comparison to 2018 with the permits for construction of a new elementary school and Derby Public Schools Administrative Center. Residential building permits are expected to continue with moderate growth, and with the growth in commercial businesses mentioned above, assessed valuation should continue to increase. However, the ability to levy property taxes is a concern for future years due to the state tax lid law that will affect the 2021 and beyond operating budgets.

The City's share of countywide retail sales tax grew 5.4% in 2019, which is the second largest source of revenue for the General Fund. The city-wide retail sales tax revenue grew 8.05% in 2019 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 Aerosystems, the state's largest employer and located in close proximity to Derby, has adjusted its workforce due to issues associated with the Boeing 737 Max airplane. Spirit is 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. Facilities construction to house and service these large airplanes began in 2014 to prepare for arrival of the new planes in 2019. 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.

## Major Initiatives

Construction of Decarsky Park began in 2019. Located on the south edge of Derby, Decarsky Park (63 acres) will house a new ballfield complex and dog park. 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 will provide \$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 an additional ballfield to attract larger tournaments, which will in turn generate sales tax revenues.

Construction of Fire Station 81 began in 2018 and opened summer of 2019. Previously, Fire Station 81 was located on the west side of town in an obsolete building, so it was relocated to a more central site at Madison and Woodlawn in a new building. The old building is being repurposed in 2020 for police department use. Both projects were financed with general obligation bonds.

In an effort to improve traffic flow and spur development in the West End, reconstruction of Water and Kay Streets began in 2019. Construction will be complete in 2020 and was financed with general obligation bonds.

In cooperation with the Derby Recreation Commission, the City issued \$2.0 million in bonds in 2019 to renovate the Hubbard Arts Center. The property was donated to the City in December 2018, renovation began in 2019, and the project will be complete in Spring 2020. Much like the lease on the current Derby Recreation Center, the recreation commission will reimburse the City for the debt service on the bonds in the form of rent payments.

Also included in the CIP in 2022 is reconstruction of the intersection at Nelson Drive and Patriot to improve traffic flow and safety, with more information in the following section.

## 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 Second 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, 2019, Derby had outstanding debt of \$73,270,000. When exempt projects are taken into consideration, Derby had additional debt capacity of approximately \$41.7 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 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 2019 was 14.56% and is now in compliance with City policy.

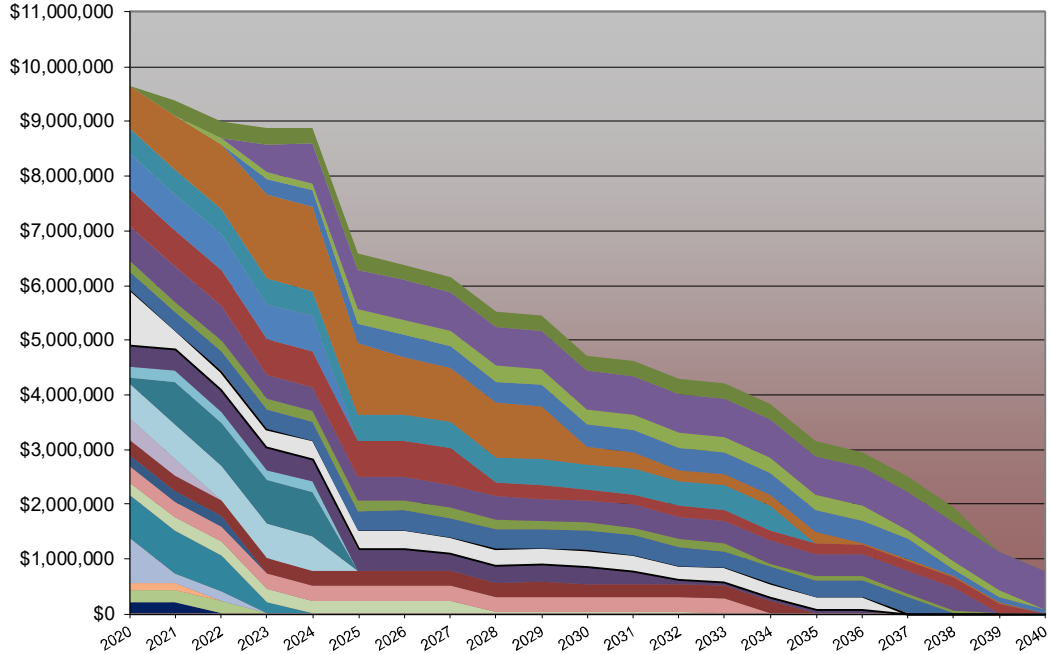
Effective in 2017, Charter Ordinance 54 exempted the City from non-uniform statutes relating to public improvements and issuance of bonds for certain improvements. Projects financed under authorization of Charter Ordinance 54 are not included in the calculation of direct debt as a percentage of assessed valuation. In 2017, Charter Ordinance 54 provided the statutory authorization for \$4.4 million of bonds issued to construct Warren Riverview Park and \$6.1 million in bonds for Fire Station 81. Once those bonds are included in the calculation, the ratio of direct debt as a percentage of assessed valuation rises to 19.10%, still within the 20% policy limit.

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; however, this \$2.3 million project is dependent upon establishment of a Tax Increment Financing (TIF) District to finance the project.

Development of a master plan of the wastewater treatment plant is underway, with design of the improvements to occur in 2021 at a cost of \$1.0 million. Construction of plant improvements could take two years at a cost of \$10 million in 2022 and 2023. The project will be financed with bonds paid from sanitary sewer fees.

The following chart incorporates debt to be issued to finance CIP projects in 2020 and beyond with existing outstanding bond issues. This chart illustrates an increase in total debt followed by a gradual reduction after 2020. 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.

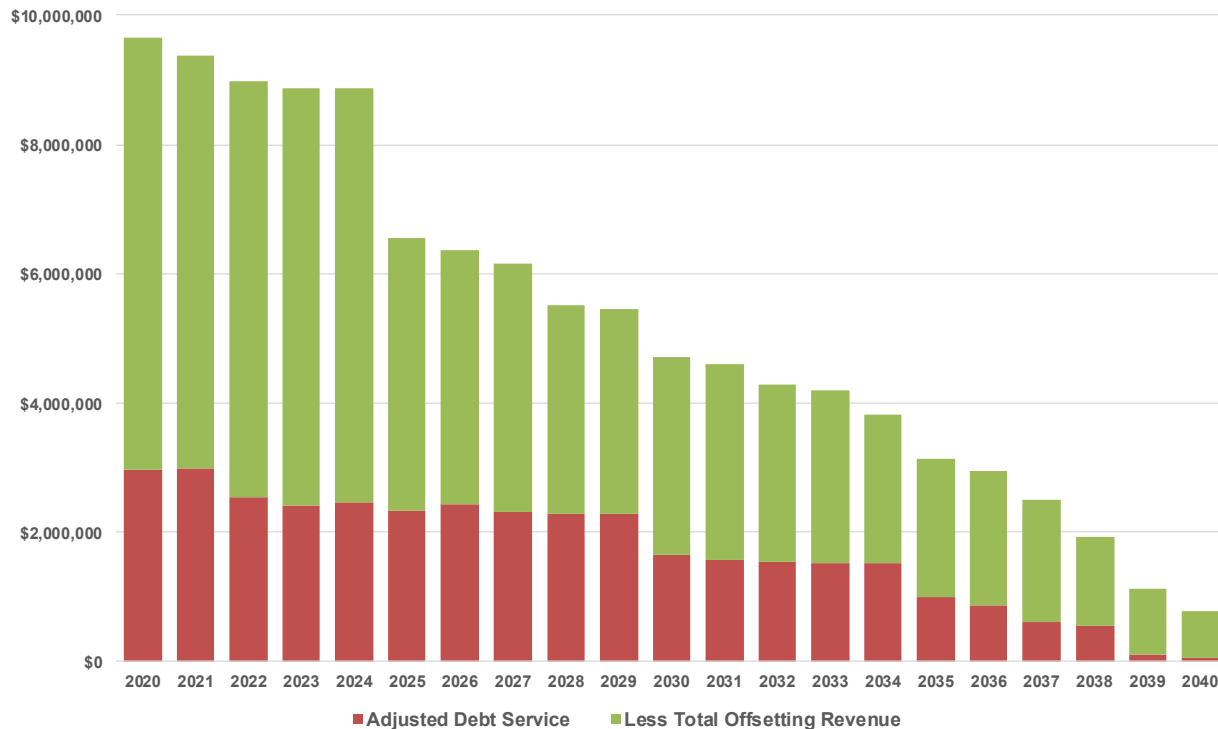
## General Obligation Debt Service Schedule (2020-2040)



■ G.O. Series 2009-B - Special Assessment portion	■ G.O. Series 2010-A - Special Assessment portion
■ G.O. Series 2010-C (Ref 2001C,2002A,2002B) - Fire Station 82	■ G.O. Series 2011-A (Ref 2001B, 2003C, 2003D,2004C) & Specials
■ G.O. Series 2012-A (Refunded 2006-B & 2008-A) Rock (James to Patriot)	■ G.O. Series 2012-B- Madison, Booster pumps, specials
■ G.O. Series 2013-A - DRC Reno & Ref 2004-D	■ G.O. Series 2013-B (Ref partial 2004-A)
■ G.O. Series 2014-A -Meadowlark@Rock Rd (Ref partial 2004-A)	■ G.O. Series 2014-B (Refunded 2001-B/2006-A) Police Station
■ G.O. Series 2014-C Derby Difference Sales Tax	■ G.O. Series 2015-A (Refunded part of 2008-B)
■ G.O. Series 2015-B Derby Difference Sales Tax	■ G.O. Series 2015-C - Nelson & Meadowlark partial & Specials
■ G.O. Series 2016-A (Refunded 2008-B)	■ G.O. Series 2017-A - Warren RiverviewPark & Madison East
■ G.O. Series 2017-B - Specials	■ G.O. Series 2018-A - Fire Station 81 & Water lines
■ G.O. Series 2018-B - Water AMI & Specials	■ G.O. Series 2018-C (Decarsky Park)
■ G.O. Series 2019-A (Water/Kay St. & Hubbard Center)	■ G.O. Series 2019-B (Ref 2009A&B,2020A,2011A)(Decarsky Park)
■ Future Street Projects	■ Future Water Projects
■ Future Wastewater Projects	■ Future Special Assessment Projects

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.

**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, 2018. This is the 11th 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 2020. 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,

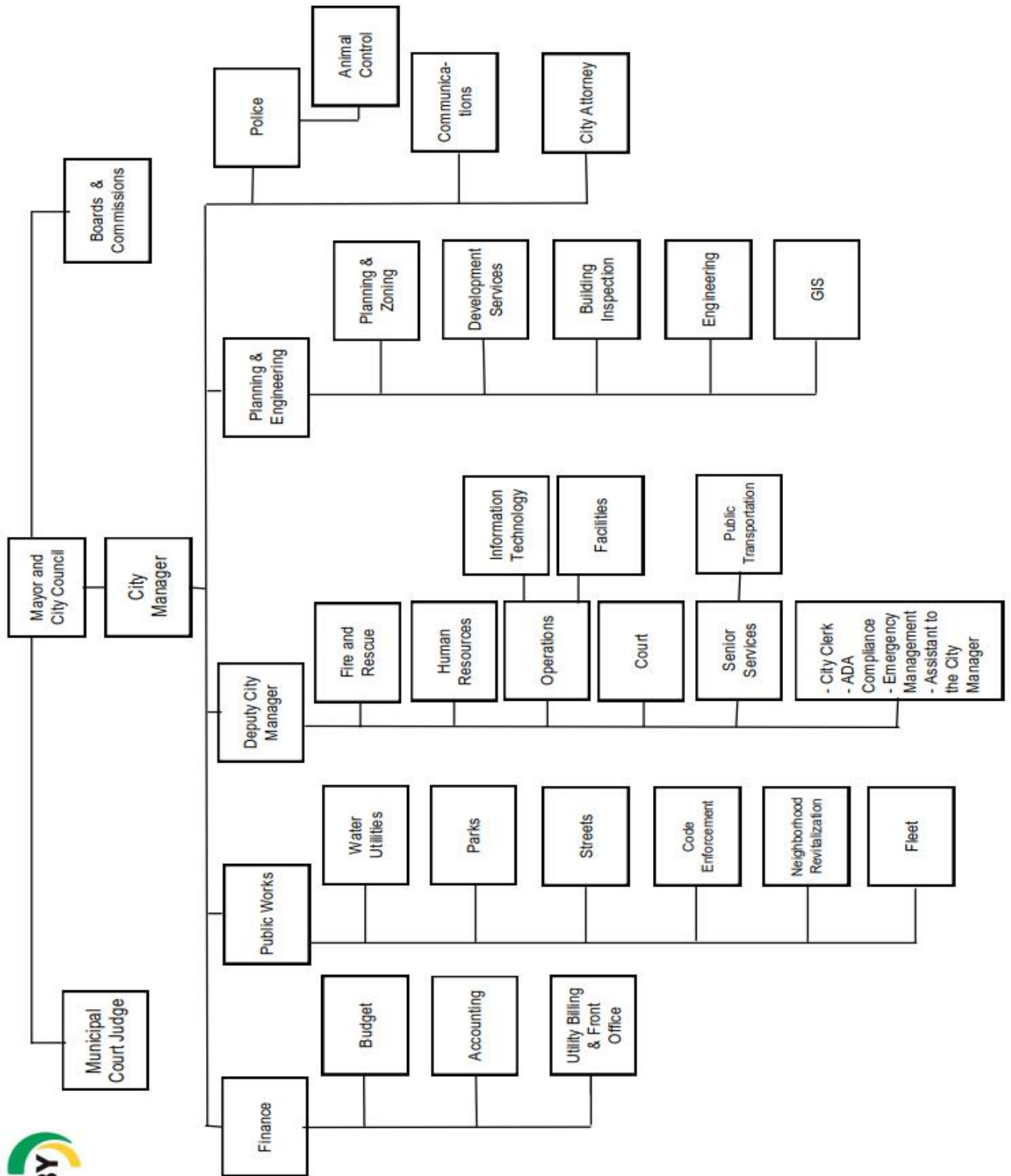
A handwritten signature in black ink, appearing to read "Kathleen B. Sexton". The script is cursive and fluid.

Kathleen B. Sexton  
City Manager

A handwritten signature in black ink, appearing to read "Jean Epperson". The script is cursive and fluid.

Jean Epperson  
Director of Finance





City of Derby, Kansas  
List of Elected and Appointed Officials  
December 31, 2019

Elected Officials

		<u>Term of Office</u>
Mayor	Randy White	2015-2023
Council President	Tom Keil	2017-2021
Councilmember	Rocky Cornejo	2015-2023
Councilmember	Vaughn G. Nun	2017-2021
Councilmember	Jack Hezlep	2015-2023
Councilmember	Andrew Swindle	2018-2021
Councilmember	Cheryl Bannon	2015-2019
Councilmember	John McIntosh	2017-2021
Councilmember	Mark Staats	2015-2019

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  
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Presented to

**City of Derby  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morrill*

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, 2019, 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 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.

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.

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, 2019, 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 13, 2020

## **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 on December 31, 2019. 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 2019 by \$157,570,123. Of this amount, \$17,165,918 of unrestricted net position may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$2,731,051, or 1.8%, from \$154,839,072 at year-end 2018.
- At year-end 2019, the City of Derby's governmental funds reported combined ending fund balances of \$28,880,130, a decrease of \$738,920 or 2.5%.
- At the end of 2019, the budgetary fund balance for the general fund was \$11,948,052 or 71.1% of the general fund non-GAAP budgetary expenditures.
- The City's total bonded debt increased by \$1,168,800 during 2019 to \$73,799,200.

### **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 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 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 14-15 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 18 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 a combining statement of the General Fund on pages 90-92 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 16 – 24 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 25 – 28 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 29 – 86 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 \$157,570,123 as of December 31, 2019.

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, \$113,421,108 or 72.0%, is the investment in capital assets net of related debt. The next largest portion, \$26,983,097 or 17.1% of the City’s net position, is restricted due to project financing or bond covenants. The remaining balance of \$17,165,918 or 10.9% is unrestricted, which may be used to meet the city’s ongoing obligation to citizens and creditors.

Current and other assets decreased by \$2,364,754 or 2.6% largely due to a decrease in receivables for special assessments in the Bond & Interest Fund. Receivables declined due to maturing special assessments outpacing the addition of new assessments. Capital assets, net of accumulated depreciation, increased by \$10,082,831 or 6.1% due to increased building of infrastructure such as streets, water and sewer lines to serve residential and commercial development and city facilities. The deferred outflows of resources decreased by \$193,852 primarily due to a reduction in the KPERS liability. The increase in total liabilities in 2019 was primarily due to an increase in long-term liabilities. Long-term liabilities increased by \$2,654,849 due to the issuance of more bonds and temporary notes than were redeemed. Bonds were issued for reconstruction of Water and Kay Streets (\$3.43 million), the first phase of Decarsky Park (\$2.16 million), a \$1.955 million Hubbard Arts Center, and \$1.975 million in temporary notes for infrastructure to serve several new subdivisions in the City.

**TABLE A-1**  
**CITY OF DERBY'S NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 73,633,330	\$ 74,924,993	\$ 14,019,371	\$ 15,092,462	\$ 87,652,701	\$ 90,017,455
Capital assets	143,369,438	133,840,356	31,304,009	30,750,260	174,673,447	164,590,616
Total assets	217,002,768	208,765,349	45,323,380	45,842,722	262,326,148	254,608,071
Total deferred outflows of resources	2,329,143	2,527,514	121,294	116,775	2,450,437	2,644,289
Long-term liabilities	83,220,337	79,425,733	8,348,798	9,488,553	91,569,135	88,914,286
Other liabilities	3,106,711	1,970,691	725,590	518,559	3,832,301	2,489,250
Total liabilities	86,327,048	81,396,424	9,074,388	10,007,112	95,401,436	91,403,536
Total deferred inflow of resources	11,712,280	10,897,518	92,746	112,234	11,805,026	11,009,752
Net position:						
Net investment in capital assets	89,103,942	89,230,087	24,317,166	22,161,174	113,421,108	111,391,261
Restricted	26,983,097	25,633,762	-	-	26,983,097	25,633,762
Unrestricted	5,205,544	4,135,072	11,960,374	13,678,977	17,165,918	17,814,049
Total net position	\$ 121,292,583	\$ 118,998,921	\$ 36,277,540	\$ 35,840,151	\$ 157,570,123	\$ 154,839,072

**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, 2019. Derby's net position at year-end 2019 of \$157,570,123 reflects an increase of \$2,731,051 or 1.8% from \$154,839,072 at year-end 2018. Net position of the City's government-type activities increased \$2,293,662 or 1.9%, primarily as the result of contributed capital due to increased investment in infrastructure. The City's net position for business-type activities grew \$437,389 or 1.2% 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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,098,252	\$ 2,390,057	\$ 9,619,249	\$ 9,461,743	\$ 12,717,501	\$ 11,851,800
Operating grants & contributions	1,472,861	1,556,013	-	-	1,472,861	1,556,013
Capital grants & contributions	2,950,330	6,700,340	35,710	929,963	2,986,040	7,630,303
General revenues:						
Property taxes	11,891,950	11,294,754	-	-	11,891,950	11,294,754
Sales tax	7,422,454	6,970,762	-	-	7,422,454	6,970,762
Franchise taxes	2,319,524	2,360,746	-	-	2,319,524	2,360,746
Excise tax	21,586	18,460	-	-	21,586	18,460
Investment earnings	1,060,534	573,474	118,579	63,665	1,179,113	637,139
Gain (loss) on sale of capital assets	-	10,590	-	-	-	10,590
<b>Total revenues</b>	<b>30,237,491</b>	<b>31,875,196</b>	<b>9,773,538</b>	<b>10,455,371</b>	<b>40,011,029</b>	<b>42,330,567</b>
Expenses:						
General government	7,661,796	6,521,315	-	-	7,661,796	6,521,315
Public safety	7,785,647	7,394,895	-	-	7,785,647	7,394,895
Public works	6,781,124	6,652,629	-	-	6,781,124	6,652,629
Culture & recreation	2,031,318	2,052,916	-	-	2,031,318	2,052,916
Economic development	385,028	372,102	-	-	385,028	372,102
Interest on long-term debt	2,302,615	2,164,724	-	-	2,302,615	2,164,724
Sewer system	-	-	2,429,496	2,741,641	2,429,493	2,741,641
Water system	-	-	7,351,896	5,524,713	7,351,896	5,524,713
Stormwater system	-	-	551,061	584,204	551,061	584,204
<b>Total expenses</b>	<b>26,947,528</b>	<b>25,158,581</b>	<b>10,332,450</b>	<b>8,850,558</b>	<b>37,279,978</b>	<b>34,009,139</b>
Increases in net position						
before transfers	3,289,963	6,716,615	(558,912)	1,604,813	2,731,051	8,321,428
Transfers	(996,301)	168,730	996,301	(168,730)	-	-
Increase in net position	2,293,662	6,885,345	437,389	1,436,083	2,731,051	8,321,428
Net position as previously restated	118,998,921	113,015,256	35,840,151	34,506,766	154,839,072	147,522,022
Prior period adjustment	-	(901,680)	-	(102,698)	-	(1,004,378)
Net position 12/31/2018	118,998,921	112,113,576	35,840,151	34,404,068	154,839,072	146,517,644
<b>Net position 12/31/2019</b>	<b>\$ 121,292,583</b>	<b>\$ 118,998,921</b>	<b>\$ 36,277,540</b>	<b>\$ 35,840,151</b>	<b>\$ 157,570,123</b>	<b>\$ 154,839,072</b>



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

- Charges for services overall increased by \$865,701 or 7.3%.
  - Government-type charges for services increased by \$708,195 due primarily to an increase in the value of building permits, licenses, plan review and zoning fees. Building permits for construction of new school facilities and healthy residential and commercial construction resulted in a \$341,787 increase in revenue. Retailers sales tax dedicated to the Derby STAR Bond project made up \$236,864 of government-type charges for services.
  - The increase in business-type revenues of \$157,506 or 1.7% occurred primarily due to an increase in water rates to offset the wholesale cost of water.
- Capital grant revenues of both governmental activities and business-type decreased in 2019 by \$4,644,263 or 60.1%.
  - Governmental capital grant revenues of \$2,950,330 consist primarily of special assessments for infrastructure to serve properties throughout the City. 2018 revenue was unusually high due to the contribution of streets constructed by developers in several subdivisions to the City.
  - Business-type capital grant revenues also primarily consist of special assessments for infrastructure to serve properties throughout the City. 2018 revenue was unusually high due to water and sewer infrastructure constructed by developers of several subdivisions (Derby Destination Development, Homestead Senior Living, and The Trails Apartments).
- Property tax revenues, our largest source of tax revenue, increased \$597,196 or 5.3%, reflecting growth in the City's assessed valuation in 2019.
- Sales tax revenues consist of a county-wide and city-wide levy and increased in total 6.5% or \$451,692. County-wide sales tax receipts increased 5.4%, and city-wide receipts grew 8.0%.
- Interest earnings on the City's idle funds grew by \$541,974 overall as the rate on short-term investments increased.
- General government expenses increased \$1,140,481 or 17.5% primarily due to increased wages and benefits and construction of the Hubbard Arts Center.
- Public safety expenses increased \$390,752 or 5.3% due to increased wages and benefits and equipment purchases.
- Interest on long-term debt increased \$137,891 or 6.38% reflecting the increase in government-type debt and increasing interest rates.
- Water utility expenses increased \$1,827,183 or 33.0% due to the purchase of wholesale water from the City of Wichita and the Advanced Metering Infrastructure (AMI) project which replaced approximately 75% of the residential water meters in the system.
- Sewer utility expenses decreased \$312,148 or 11.4% due to the deferral of a maintenance project to early 2020.

## **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, 2019, the combined fund balance for governmental funds decreased \$738,920 to \$28,880,130 or 2.5%. Approximately 39.7% of this amount or \$11,445,266 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 \$357,627 or 1.2%, (2) restricted for particular purposes totaling \$13,979,282 or 48.4%, and (3) assigned for particular purposes such as equipment, capital improvements or operation of the aquatic park, of \$3,097,955 or 10.7%. 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 \$11,891,950 represent the largest single source, comprising 38.1% of governmental activity revenue for the City. Taxes on retail sales in the amount of \$7,422,454 are the next largest source of revenue at 23.8% of the City's revenues. Special assessments of \$3,539,077 pay the debt service for infrastructure to serve various properties and represent 11.3% of the city's revenue in 2019. Franchise fees of \$2,319,524 represent 7.4% of the revenue stream, followed by intergovernmental payments of \$1,649,716 consisting of gasoline and transient guest taxes, grant and ARRA reimbursements which represent 5.3% of the revenue stream.

The General Fund is the chief operating fund of the City of Derby. At the end of 2019, the unassigned fund balance of the General Fund was \$11,445,266. 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 63.8% of total General Fund expenditures, while the total fund balance represents 76.8% 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 \$1,961,123.

The Debt Service Fund has a restricted fund balance of \$947,603. 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 slightly from \$928,324 in 2018.

The Capital Projects Fund has a restricted fund balance of \$6,744,910. The primary source of revenue for the Capital Projects Fund is bond proceeds to finance reconstruction of Water and Kay Streets and special assessment bonds levied on properties for infrastructure, and 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 \$5,282,377. 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 \$3,274,290 is restricted for park development for construction of Decarsky Park. The next largest portion of \$1,164,398 is restricted for Derby Fire & Rescue expenses, and \$843,689 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 2019 totals \$11,926,602. 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 \$388,366 from \$35,855,402 to \$36,243,768. The increase in net position is primarily due to contribution of capital assets to the utilities. Capital contributions consist of sanitary sewer, water lines and stormwater infrastructure to serve residential subdivisions throughout the city of The Oaks, Northbrook, and Spring Ridge.

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 2019, the unrestricted net position of the Internal Service Fund was \$1,607,326, an increase of \$657,077 due to lower health insurance claims and increased contributions by the City to fund a reserve for future years.

### **General Fund Budgetary Highlights**

Careful monitoring of expenditures and revenues allowed Derby to carry over \$11,948,052 into 2020 (71.1% of expenditures), an increase of \$937,263 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 investment earnings of \$563,852 due to rising interest rates. The budget was adopted in August 2018 and rates rose more than anticipated throughout 2019. The budget variance in the other grouping of \$420,149 is due to higher than expected reimbursements and insurance liens on damaged structures. The proceeds are returned to the property owner once the property is repaired or demolished. Derby's share of the county-wide sales tax revenue was \$319,606 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. Licenses and permits were \$259,427 higher than budgeted due to increased building permit fees and contractor licenses. The \$119,639 negative variance of fines and fees is largely due to lower court fines and fees.

The largest budget variance in expenditures is in law enforcement of \$606,741 due to staff vacancies and careful monitoring of expenses. The second largest budget variance in expenditures is in employee benefits of \$198,565 due to lower than expected payroll-related expenses and staff vacancies. The next largest favorable variance is in utilities of \$141,721 due to lower than expected rates and usage. The unfavorable variance of reimbursables of \$103,505 is largely due to the refund of a landscape deposit received in 2019. The variance in contingencies of \$7,021,909 is the cash reserve for 2020 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, 2019 was \$174,673,447 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 2019 were the infrastructure to serve new phases of The Oaks housing addition, Northbrook and Spring Ridge Additions. Fire Station 81 opened in 2019 but is still classified as construction in progress due to several changes to the project that will be completed in 2020. Construction of Decarsky Park, a ballfield complex and dog park, began in 2019 and is expected to be completed in 2020.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 35,102,210	\$ 35,108,698	\$ 712,358	\$ 712,358	\$ 35,814,568	\$ 35,821,056
Construction in progress	14,363,885	6,250,397	1,370,789	183,823	15,734,674	6,434,220
Buildings	17,326,566	18,007,796	2,277,749	2,695,666	19,604,315	20,703,462
Improvements	10,044,159	10,311,102	-	-	10,044,159	10,311,102
Infrastructure	63,893,594	62,228,499	26,183,386	26,319,878	90,076,980	88,545,377
Machinery and equipment	2,639,024	1,933,864	759,727	841,535	3,398,751	2,775,399
Total capital assets (net)	<u>\$ 143,369,438</u>	<u>\$ 133,840,356</u>	<u>\$ 31,304,009</u>	<u>\$ 30,750,260</u>	<u>\$ 174,673,447</u>	<u>\$ 164,590,616</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 \$73,799,200 in bonds and notes outstanding. This is an increase of \$1,168,800 from \$72,630,400 at the end of 2018. Of this increase, \$1,765,000 is the issuance of temporary notes to finance infrastructure in subdivisions throughout the city. Bonds totaling \$15,845,000 were issued to refund existing debt, finance construction of a \$3,430,000 street project, \$1,955,000 Hubbard Arts Center, the Decarsky Park ballfield complex for \$2,160,000, and pay off a temporary note and provide long term financing for infrastructure in The Oaks subdivision. Bonds totaling \$7,985,000 refunded four series of bonds, the largest being the G.O. Series 2009-A Build America Bonds. The bonds for the streets will be paid with property taxes whereas the special assessment bonds will be paid with special assessment revenue paid by the property owners. The bonds for the ballfield complex will be paid primarily with property taxes whereas one of the fields will be paid for by the Derby Recreation Commission. The bonds for the Hubbard Arts Center will be paid for with rent from the Derby Recreation Commission. 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 Outstanding Debt**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 61,527,659	\$ 60,766,708	\$ 5,897,341	\$ 7,043,292	\$ 67,425,000	\$ 67,810,000
Sales tax obligation bonds	529,200	740,400	-	-	529,200	740,400
Capital leases	-	-	-	-	-	-
Temporary notes	5,845,000	4,080,000	-	-	5,845,000	4,080,000
Total	<u>\$ 67,901,859</u>	<u>\$ 65,587,108</u>	<u>\$ 5,897,341</u>	<u>\$ 7,043,292</u>	<u>\$ 73,799,200</u>	<u>\$ 72,630,400</u>

The City's general obligation bond rating of AA- by Standard & Poor's was reaffirmed in 2019, 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). In 2014, the Air Force announced its decision for MAFB to be the main operations base for the new KC-46A tankers (Pegasus). The first airplanes arrived in 2019.

### **Derby's Profile**

➤ Median Age (2019)	37.5 years
➤ Median Household Income (2019)	\$70,487
➤ Average Household Income (2019)	\$87,387
➤ Average New Home Value (2019)	\$250,310
➤ Housing Units (2019)	9,495
➤ Unemployment (Wichita MSA December 2019)	3.3%

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 are being 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.

**Basic Financial  
Statements**



CITY OF DERBY, KANSAS  
STATEMENT OF NET POSITION

December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Library Board
Assets:				
Deposits and investments	\$ 30,933,946	\$ 12,595,737	\$ 43,529,683	\$ 362,400
Restricted investments	145,797	-	145,797	-
Receivables, net of allowance for uncollectibles:				
Taxes	12,945,324	-	12,945,324	-
Special assessments	28,996,292	-	28,996,292	-
Accounts	133,159	1,331,065	1,464,224	-
Interest	154,957	-	154,957	-
Inventories	357,627	55,435	413,062	-
Prepaid items	-	3,362	3,362	33,011
Internal balances	(33,772)	33,772	-	-
Capital assets, net of accumulated depreciation, where applicable:				
Land	5,035,500	712,358	5,747,858	-
Land - right of way	30,066,710	-	30,066,710	-
Construction in progress	14,363,885	1,370,789	15,734,674	-
Buildings and systems	17,326,566	2,277,749	19,604,315	-
Improvements	10,044,159	-	10,044,159	-
Infrastructure	63,893,594	26,183,386	90,076,980	-
Machinery and equipment	2,639,024	759,727	3,398,751	318,865
Total assets	217,002,768	45,323,380	262,326,148	714,276
Deferred outflows of resources:				
Deferred charge on refunding	327,405	-	327,405	-
Deferred outflows - OPEB	137,789	7,921	145,710	-
Deferred outflows - pension	1,863,949	113,373	1,977,322	-
Total deferred outflows of resources	2,329,143	121,294	2,450,437	-
Liabilities:				
Accounts payable	2,211,624	633,105	2,844,729	24,803
Accrued liabilities	768,735	51,116	819,851	-
Accrued interest payable	126,352	41,369	167,721	-
Noncurrent liabilities:				
Due within one year	13,358,979	870,059	14,229,038	-
Due in more than one year	69,861,358	7,478,739	77,340,097	-
Total liabilities	86,327,048	9,074,388	95,401,436	24,803
Deferred inflows of resources:				
Deferred receivable - property taxes	11,202,995	-	11,202,995	-
Deferred charge on refunding	-	45,306	45,306	-
Deferred inflows - OPEB	87,424	5,736	93,160	-
Deferred inflows - pension	421,861	41,704	463,565	-
Total deferred inflows of resources	11,712,280	92,746	11,805,026	-
Net position:				
Net investment in capital assets	89,103,942	24,317,166	113,421,108	318,865
Restricted for:				
Debt service	13,951,418	-	13,951,418	-
Capital projects and streets	7,492,361	-	7,492,361	-
Culture and recreation	3,400,577	-	3,400,577	-
Law enforcement	91,778	-	91,778	-
Fire	1,164,398	-	1,164,398	-
Library operations	882,565	-	882,565	-
Unrestricted	5,205,544	11,960,374	17,165,918	370,608
Total net position	\$ 121,292,583	\$ 36,277,540	\$ 157,570,123	\$ 689,473

See accompanying notes to basic financial statements.

## CITY OF DERBY, KANSAS

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

					Net Revenue (Expense) and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Unit  Library Board
Primary government:								
Governmental activities:								
General government	\$ 7,661,796	\$ 1,327,032	\$ 434,415	\$ 40,046	\$ (5,860,303)	\$ -	\$ (5,860,303)	\$ -
Public safety	7,785,647	739,358	1,200	-	(7,045,089)	-	(7,045,089)	-
Public works	6,781,124	903,731	959,471	519,561	(4,398,361)	-	(4,398,361)	-
Culture and recreation	2,031,318	128,131	77,775	2,390,723	565,311	-	565,311	-
Economic development	385,028	-	-	-	(385,028)	-	(385,028)	-
Interest on long-term debt	2,302,615	-	-	-	(2,302,615)	-	(2,302,615)	-
Total governmental activities	<u>26,947,528</u>	<u>3,098,252</u>	<u>1,472,861</u>	<u>2,950,330</u>	<u>(19,426,085)</u>	<u>-</u>	<u>(19,426,085)</u>	<u>-</u>
Business-type activities:								
Sewer	2,429,493	3,256,901	-	35,710	-	863,118	863,118	-
Water	7,351,896	5,759,774	-	-	-	(1,592,122)	(1,592,122)	-
Stormwater	551,061	602,574	-	-	-	51,513	51,513	-
Total business-type activities	<u>10,332,450</u>	<u>9,619,249</u>	<u>-</u>	<u>35,710</u>	<u>-</u>	<u>(677,491)</u>	<u>(677,491)</u>	<u>-</u>
Total primary government	<u>\$ 37,279,978</u>	<u>\$ 12,717,501</u>	<u>\$ 1,472,861</u>	<u>\$ 2,986,040</u>	<u>(19,426,085)</u>	<u>(677,491)</u>	<u>(20,103,576)</u>	<u>-</u>
Component unit:								
Library Board	<u>\$ 639,105</u>	<u>\$ 145,440</u>	<u>\$ 145,026</u>	<u>\$ -</u>				<u>(348,639)</u>
General revenues:								
Property taxes					11,891,950	-	11,891,950	362,000
Sales taxes					7,422,454	-	7,422,454	-
Franchise taxes					2,319,524	-	2,319,524	-
Excise taxes					21,586	-	21,586	-
Unrestricted investment earnings					1,060,534	118,579	1,179,113	1,201
Transfers					(996,301)	996,301	-	-
Total general revenues and transfers					<u>21,719,747</u>	<u>1,114,880</u>	<u>22,834,627</u>	<u>363,201</u>
Change in net position					<u>2,293,662</u>	<u>437,389</u>	<u>2,731,051</u>	<u>14,562</u>
Net position, beginning of year					<u>118,998,921</u>	<u>35,840,151</u>	<u>154,839,072</u>	<u>674,911</u>
Net position, end of year					<u>\$ 121,292,583</u>	<u>\$ 36,277,540</u>	<u>\$ 157,570,123</u>	<u>\$ 689,473</u>

See accompanying notes to basic financial statements.

# CITY OF DERBY, KANSAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

December 31, 2019

	General*
Assets:	
Deposits and investments	\$ 13,761,181
Restricted investments	-
Receivables (net of allowance for uncollectibles):	
Taxes	8,592,309
Special assessments	-
Accounts	133,159
Interest	154,957
Inventories	357,627
Total assets	<u>\$ 22,999,233</u>
Liabilities:	
Accounts payable	\$ 1,028,593
Accrued payroll	768,735
Total liabilities	<u>1,797,328</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	7,437,889
Unavailable revenue - special assessments	-
Total deferred inflows of resources	<u>7,437,889</u>
Fund balances:	
Nonspendable:	
Inventories	357,627
Restricted:	
Capital projects	-
Substance abuse prevention	-
Culture and recreation	-
Crime prevention	-
Fire	-
Library operations	-
Debt service	-
Streets and sidewalks	-
Assigned:	
Senior activities	6,586
Equipment purchases	383,115
Capital improvements	1,571,422
Library operations	-
Aquatic park operations	-
Unassigned	11,445,266
Total fund balances	<u>13,764,016</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,999,233</u>

\* See the General Fund Combining Balance Sheet on page 91.

See accompanying notes to basic financial statements.

Major Funds					
Debt Service	Capital Projects	Derby Difference Sales Tax	Nonmajor Funds	Total Governmental	
\$ 947,603	\$ 6,872,546	\$ 5,345,773	\$ 2,084,805	\$ 29,011,908	
-	-	-	145,797	145,797	
2,689,455	-	553,648	1,109,912	12,945,324	
28,996,292	-	-	-	28,996,292	
-	-	-	-	133,159	
-	-	-	-	154,957	
-	-	-	-	357,627	
<u>\$ 32,633,350</u>	<u>\$ 6,872,546</u>	<u>\$ 5,899,421</u>	<u>\$ 3,340,514</u>	<u>\$ 71,745,064</u>	
\$ -	\$ 127,636	\$ 617,044	\$ 123,639	\$ 1,896,912	
-	-	-	-	768,735	
-	127,636	617,044	123,639	2,665,647	
2,689,455	-	-	1,075,651	11,202,995	
28,996,292	-	-	-	28,996,292	
31,685,747	-	-	1,075,651	40,199,287	
-	-	-	-	357,627	
-	6,744,910	-	145,797	6,890,707	
-	-	-	88,349	88,349	
-	-	3,274,290	126,287	3,400,577	
-	-	-	3,429	3,429	
-	-	1,164,398	-	1,164,398	
-	-	843,689	38,876	882,565	
947,603	-	-	-	947,603	
-	-	-	601,654	601,654	
-	-	-	-	6,586	
-	-	-	-	383,115	
-	-	-	-	1,571,422	
-	-	-	15,847	15,847	
-	-	-	1,120,985	1,120,985	
-	-	-	-	11,445,266	
947,603	6,744,910	5,282,377	2,141,224	28,880,130	
<u>\$ 32,633,350</u>	<u>\$ 6,872,546</u>	<u>\$ 5,899,421</u>	<u>\$ 3,340,514</u>	<u>\$ 71,745,064</u>	

CITY OF DERBY, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2019

Total fund balances in Governmental Funds Balance Sheet		\$ 28,880,130
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.		143,369,438
Other long-term assets are not available to pay for current-expenditures and therefore are reported as unavailable in the funds.		28,996,292
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	\$ 327,405	
Deferred OPEB outflow	137,789	
Deferred pension outflow	<u>1,863,949</u>	2,329,143
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(83,346,689)
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	(87,424)	
Deferred pension inflow	<u>(421,861)</u>	(509,285)
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>1,573,554</u>
Net position of governmental activities		<u><u>\$ 121,292,583</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, 2019

	General*
Revenues:	
Taxes:	
Property	\$ 7,899,709
Excise	14,331
Sales	4,441,071
Franchise	2,093,657
Special assessments	-
Intergovernmental	391,360
Licenses and permits	672,927
Charges for services	446,442
Fines and fees	843,861
Investment earnings	813,852
Other	653,753
Total revenues	<u>18,270,963</u>
Expenditures:	
Current:	
General government	4,988,411
Public works	3,005,521
Public safety	6,846,237
Culture and recreation	1,084,588
Economic development	384,831
Debt service:	
Principal	-
Interest and fiscal charges	-
Debt issuance costs	-
Capital outlay	<u>1,621,813</u>
Total expenditures	<u>17,931,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>339,562</u>
Other financing sources (uses):	
Transfers in	626,073
Transfers out	-
General obligation bonds issued	-
Premium on general obligation bonds issued	-
Temporary notes issued	-
Sale of general capital assets	<u>25,512</u>
Total other financing sources (uses)	<u>651,585</u>
Net change in fund balances	991,147
Fund balances, beginning of year	<u>12,772,869</u>
Fund balances, end of year	<u>\$ 13,764,016</u>

\* See the General Fund Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) on pages 92 - 93.

See accompanying notes to basic financial statements.

Major Funds			Nonmajor Funds	Total Governmental
Debt Service	Capital Projects	Derby Difference Sales Tax		
\$ 2,850,327	\$ -	\$ -	\$ 1,141,914	\$ 11,891,950
5,183	-	-	2,072	21,586
-	-	2,981,383	-	7,422,454
-	-	-	225,867	2,319,524
3,539,077	-	-	-	3,539,077
84,023	59,311	-	1,115,022	1,649,716
-	-	-	-	672,927
-	-	-	17,975	464,417
-	-	-	-	843,861
114,779	80,063	22,701	29,140	1,060,535
285,170	-	32,070	314,563	1,285,556
<u>6,878,559</u>	<u>139,374</u>	<u>3,036,154</u>	<u>2,846,553</u>	<u>31,171,603</u>
-	-	424,602	1,181,950	6,594,963
-	-	-	766,921	3,772,442
-	-	763,641	2,262	7,612,140
-	-	-	289,883	1,374,471
-	-	-	-	384,831
5,213,509	7,207,500	1,240,000	211,200	13,872,209
1,770,825	90,330	241,503	30,858	2,133,516
-	259,935	11,038	-	270,973
-	7,064,720	4,567,186	58,148	13,311,867
<u>6,984,334</u>	<u>14,622,485</u>	<u>7,247,970</u>	<u>2,541,222</u>	<u>49,327,412</u>
<u>(105,775)</u>	<u>(14,483,111)</u>	<u>(4,211,816)</u>	<u>305,331</u>	<u>(18,155,809)</u>
125,054	-	5,448	210,473	967,048
-	(907,575)	-	(56,300)	(963,875)
-	12,051,960	2,160,000	-	14,211,960
-	1,042,796	158,448	-	1,201,244
-	1,975,000	-	-	1,975,000
-	-	-	-	25,512
<u>125,054</u>	<u>14,162,181</u>	<u>2,323,896</u>	<u>154,173</u>	<u>17,416,889</u>
19,279	(320,930)	(1,887,920)	459,504	(738,920)
928,324	7,065,840	7,170,297	1,681,720	29,619,050
<u>\$ 947,603</u>	<u>\$ 6,744,910</u>	<u>\$ 5,282,377</u>	<u>\$ 2,141,224</u>	<u>\$ 28,880,130</u>

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, 2019

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

Net change in fund balances - total governmental funds	\$ (738,920)
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.	7,390,821
The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, disposals, and donations) is to increase net position.	2,138,258
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,112,738)
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.	(3,515,996)
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.	(475,818)
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.	608,055
Change in net position of governmental activities	<u>\$ 2,293,662</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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem property tax	\$ 6,905,840	\$ 6,939,317	\$ 33,477
Delinquent tax	110,000	86,283	(23,717)
Motor vehicle tax	831,401	874,109	42,708
Excise tax	13,500	14,331	831
Sales tax	4,121,465	4,441,071	319,606
Franchise tax	2,105,355	2,093,657	(11,698)
Intergovernmental	331,654	391,360	59,706
Licenses and permits	413,500	672,927	259,427
Charges for services	471,550	446,442	(25,108)
Fines and fees	963,500	843,861	(119,639)
Investment earnings	250,000	813,852	563,852
Other	226,950	647,099	420,149
Total revenues	16,744,715	18,264,309	1,519,594
Expenditures:			
Administration and operations	2,382,563	2,347,856	(34,707)
Employee benefits	1,935,683	1,737,118	(198,565)
Law enforcement	5,458,269	4,851,528	(606,741)
Finance	622,242	532,489	(89,753)
Fire	1,990,249	1,994,709	4,460
Planning and engineering	896,728	883,648	(13,080)
Public works	2,576,414	2,619,082	42,668
Utilities	729,100	587,379	(141,721)
Insurance recovery	25,000	95,331	70,331
Liability insurance	223,000	199,942	(23,058)
Equipment	197,075	173,988	(23,087)
Capital outlay	385,000	351,887	(33,113)
Reimburseables	240,000	343,505	103,505
Miscellaneous	100,000	-	(100,000)
Contingencies	7,021,909	-	(7,021,909)
Transient guest tax rebate	103,000	89,128	(13,872)
Total expenditures	\$ 24,886,232	\$ 16,807,590	\$ (8,078,642)

(Continued)

CITY OF DERBY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND  
(Continued)

Year Ended December 31, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Excess (deficiency) of revenues over (under) expenditures	\$ (8,141,517)	\$ 1,456,719	\$ 9,598,236
Other financing sources (uses):			
Transfers in	350,000	350,000	-
Transfers out	(765,768)	(894,968)	129,200
Sale of general capital assets	-	25,512	25,512
Total other financing sources (uses)	(415,768)	(519,456)	154,712
Net change in fund balance	(8,557,285)	937,263	9,494,548
Fund balance, beginning of year	8,557,285	11,010,789	2,453,504
Fund balance, end of year	\$ -	11,948,052	\$ 11,948,052
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		240,493	
Fund balance on the basis of GAAP - General Fund only		12,188,545	
Fund balance for separately budgeted fund included with the General Fund on GAAP basis financials:			
Derby Senior Activity Board		6,586	
Fund balances (deficit) for non-budgeted funds included with the General Fund on GAAP basis financials:			
Payroll Fund		(145,159)	
Equipment Reserve		39,669	
Capital Improvement Reserve		1,330,929	
Public Safety Equipment Reserve		343,446	
		\$ 13,764,016	

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, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:				
Sales tax	\$ 2,649,569	\$ 2,842,102	\$ 2,981,383	\$ 139,281
Investment earnings	2,500	-	22,701	22,701
Other	168,705	32,000	32,070	70
Total revenues	<u>2,820,774</u>	<u>2,874,102</u>	<u>3,036,154</u>	<u>162,052</u>
Expenditures:				
Personnel	1,102,320	997,891	981,618	(16,273)
Contractual	201,276	200,348	181,044	(19,304)
Commodities	27,575	26,130	25,581	(549)
Capital outlay	793,000	6,813,016	6,618,562	(194,454)
Debt service:				
Principal	1,240,000	1,240,000	1,240,000	-
Interest and fiscal charges	219,389	241,503	241,503	(22,114)
Debt issuance costs	-	-	11,038	11,038
Total expenditures	<u>3,583,560</u>	<u>9,518,888</u>	<u>9,299,346</u>	<u>(241,656)</u>
Deficiency of revenues under expenditures	<u>(762,786)</u>	<u>(6,644,786)</u>	<u>(6,263,192)</u>	<u>381,594</u>
Other financing sources:				
Transfers in	-	-	5,448	5,448
General obligation bonds issued and premium	-	2,300,000	2,318,448	18,448
Total other financing sources	<u>-</u>	<u>2,300,000</u>	<u>2,323,896</u>	<u>23,896</u>
Net change in fund balance	<u>(762,786)</u>	<u>(4,344,786)</u>	<u>(3,939,296)</u>	<u>405,490</u>
Fund balance, beginning of year	<u>3,350,062</u>	<u>7,170,294</u>	<u>7,170,297</u>	<u>3</u>
Fund balance, end of year	<u>\$ 2,587,276</u>	<u>\$ 2,825,508</u>	<u>3,231,001</u>	<u>\$ 405,493</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>2,051,376</u>	
Fund balance on the basis of GAAP			<u>\$ 5,282,377</u>	

See accompanying notes to basic financial statements.

# CITY OF DERBY, KANSAS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2019

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Fund
<b>Assets:</b>					
Current assets:					
Deposits and investments	\$ 7,563,829	\$ 3,659,324	\$ 1,372,584	\$ 12,595,737	\$ 1,922,038
Accounts receivable (net of allowance for uncollectibles)	462,208	750,338	118,519	1,331,065	-
Inventories	-	55,435	-	55,435	-
Prepaid items	-	3,362	-	3,362	-
Total current assets	8,026,037	4,468,459	1,491,103	13,985,599	1,922,038
Noncurrent assets:					
Capital assets:					
Land	48,777	663,581	-	712,358	-
Construction in progress	750,204	116,239	504,346	1,370,789	-
Buildings	5,978,279	4,488,683	-	10,466,962	-
Infrastructure	23,869,958	22,429,344	14,278,567	60,577,869	-
Machinery and equipment	1,771,536	850,151	74,950	2,696,637	-
Accumulated depreciation	(19,534,453)	(19,485,666)	(5,500,487)	(44,520,606)	-
Total noncurrent assets	12,884,301	9,062,332	9,357,376	31,304,009	-
Total assets	20,910,338	13,530,791	10,848,479	45,289,608	1,922,038
Deferred outflows of resources:					
Deferred outflows - OPEB	3,470	2,060	2,391	7,921	-
Deferred outflows - pension	56,909	47,337	9,127	113,373	-
Total deferred outflows of resources	60,379	49,397	11,518	121,294	-
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	32,062	514,914	86,129	633,105	314,712
Accrued expenses	23,592	24,127	3,397	51,116	-
Accrued interest payable	18,372	22,997	-	41,369	-
Compensated absences	33,221	-	-	33,221	-
Current portion of bonds payable	129,630	707,208	-	836,838	-
Total current liabilities	236,877	1,269,246	89,526	1,595,649	314,712
Noncurrent liabilities:					
Loans payable	975,921	-	-	975,921	-
Bonds payable, net	1,662,371	3,924,806	-	5,587,177	-
Total OPEB liability	40,094	23,792	27,547	91,433	-
Net pension liability	429,418	333,480	61,310	824,208	-
Total noncurrent liabilities	3,107,804	4,282,078	88,857	7,478,739	-
Total liabilities	3,344,681	5,551,324	178,383	9,074,388	314,712
Deferred inflows of resources:					
Deferred charge on refunding	-	45,306	-	45,306	-
Deferred inflows - OPEB	2,513	1,492	1,731	5,736	-
Deferred inflows - pension	23,177	15,901	2,626	41,704	-
Total deferred inflows of resources	25,690	62,699	4,357	92,746	-
<b>Net position:</b>					
Net investment in capital assets	10,116,379	4,843,411	9,357,376	24,317,166	-
Unrestricted	7,483,967	3,122,754	1,319,881	11,926,602	1,607,326
Total net position	\$ 17,600,346	\$ 7,966,165	\$ 10,677,257	36,243,768	\$ 1,607,326
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.				33,772	
Net position of business-type activities				\$ 36,277,540	

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, 2019

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Fund
Operating revenues:					
Charges for sales and services	\$ 3,254,301	\$ 5,759,774	\$ 602,574	\$ 9,616,649	\$ 2,775,532
Miscellaneous	2,600	-	-	2,600	10,046
Total operating revenues	3,256,901	5,759,774	602,574	9,619,249	2,785,578
Operating expenses:					
Personnel	696,502	457,841	110,362	1,264,705	2,128,501
Contractual	344,842	5,748,507	97,415	6,190,764	-
Supplies	139,118	58,256	930	198,304	-
Utilities	272,434	35,071	-	307,505	-
Depreciation	877,322	946,983	345,870	2,170,175	-
Total operating expenses	2,330,218	7,246,658	554,577	10,131,453	2,128,501
Operating income (loss)	926,683	(1,486,884)	47,997	(512,204)	657,077
Nonoperating revenues (expenses):					
Interest revenue	43,947	74,632	-	118,579	-
Debt issuance costs	(8,345)	-	-	(8,345)	-
Interest expense	(116,071)	(125,604)	-	(241,675)	-
Total nonoperating revenues (expenses)	(80,469)	(50,972)	-	(131,441)	-
Income (loss) before transfers and contributions	846,214	(1,537,856)	47,997	(643,645)	657,077
Capital contributions	361,783	369,722	267,969	999,474	-
Capital contribution - interest subsidy	35,710	-	-	35,710	-
Transfers out	(3,173)	-	-	(3,173)	-
Change in net position	1,240,534	(1,168,134)	315,966	388,366	657,077
Total net position, beginning of year	16,359,812	9,134,299	10,361,291	35,855,402	950,249
Total net position, end of year	\$ 17,600,346	\$ 7,966,165	\$ 10,677,257	\$ 36,243,768	\$ 1,607,326
Change in net position				\$ 388,366	
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds.				49,023	
Change in net position of business-type activities				\$ 437,389	

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

Year Ended December 31, 2019

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers	\$ 3,237,560	\$ 5,716,825	\$ 599,583	\$ 9,553,968	\$ 2,775,532
Other receipts	2,600	-	-	2,600	10,046
Payments to suppliers	(797,788)	(5,642,901)	(78,756)	(6,519,445)	(2,267,202)
Payments to employees	(709,316)	(479,221)	(91,294)	(1,279,831)	-
Net cash from operating activities	1,733,056	(405,297)	429,533	1,757,292	518,376
Cash flows from noncapital financing activities:					
Transfers to other funds	(3,173)	-	-	(3,173)	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(643,710)	(663,908)	(416,832)	(1,724,450)	-
Payments on loan	(65,299)	-	-	(65,299)	-
Principal paid on general obligation debt	(1,853,750)	(925,241)	-	(2,778,991)	-
Proceeds of general obligation bonds	1,795,849	-	-	1,795,849	-
Interest and bond issuance costs paid on debt	(124,415)	(125,604)	-	(250,019)	-
Interest subsidy proceeds	35,710	-	-	35,710	-
Net cash from capital and related financing activities	(855,615)	(1,714,753)	(416,832)	(2,987,200)	-
Cash flows from investing activities:					
Interest received	43,947	74,632	-	118,579	-
Net change in cash and cash equivalents	918,215	(2,045,418)	12,701	(1,114,502)	518,376
Cash and cash equivalents, beginning of year	6,645,614	5,704,742	1,359,883	13,710,239	1,403,662
Cash and cash equivalents, end of year	\$ 7,563,829	\$ 3,659,324	\$ 1,372,584	\$ 12,595,737	\$ 1,922,038

(Continued)

CITY OF DERBY, KANSAS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
(Continued)

Year Ended December 31, 2019

	Sewer	Water	Stormwater	Total	Internal Service Fund
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$ 926,683	\$ (1,486,884)	\$ 47,997	\$ (512,204)	\$ 657,077
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Items not requiring cash:					
Depreciation and amortization	858,143	870,758	345,870	2,074,771	-
Changes in:					
Accounts receivable	(16,741)	(42,949)	(2,991)	(62,681)	-
Inventories	-	70,293	-	70,293	-
Deferred outflows - OPEB	(3,470)	(2,060)	(2,391)	(7,921)	-
Deferred outflows - pension	1,682	1,428	292	3,402	-
Accounts payable	(22,215)	204,865	19,589	202,239	(138,701)
Accrued expenses	804	3,944	44	4,792	-
Total OPEB liability	(13,761)	(25,690)	19,492	(19,959)	-
Net pension liability	4,998	4,244	868	10,110	-
Deferred inflows - OPEB	2,493	1,474	1,728	5,695	-
Deferred inflows - pension	(5,560)	(4,720)	(965)	(11,245)	-
Net cash from operating activities	<u>\$ 1,733,056</u>	<u>\$ (405,297)</u>	<u>\$ 429,533</u>	<u>\$ 1,757,292</u>	<u>\$ 518,376</u>

Noncash capital financing activities:

Contributions of capital assets of \$361,783; \$ 369,722; and \$ 267,969 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, 2019

#### 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.



## CITY OF DERBY, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### Government-Wide and Fund Financial Statements (Continued)

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.

##### 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.

## CITY OF DERBY, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

## CITY OF DERBY, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

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 and U.S. government and agency obligations 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.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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, 2019, an allowance for uncollectible receivables of approximately \$ 809,000 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	\$ 7,437,889
Debt service fund property tax receivable	2,689,455
Debt service fund special assessments receivable	28,996,292
Nonmajor governmental fund property tax receivable	<u>1,075,651</u>
	<u><u>\$ 40,199,287</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, 2018 upon which the 2019 levy was based was \$ 220,755,643.

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.

## CITY OF DERBY, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### 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)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### Capital Assets (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.

## CITY OF DERBY, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### 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 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.



CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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, 2019, 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.

*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.

## CITY OF DERBY, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### 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 revenues and liabilities and deferred inflows of revenues 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, 2019, 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.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

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 classifying 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 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.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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 \$ (83,346,689) difference are as follows:

General obligation bonds payable	\$ (61,527,659)
Plus: Issuance premiums	(2,558,144)
Less: Issuance discounts	977
Sales tax obligation bonds payable	(529,200)
Temporary notes payable	(5,845,000)
Accrued interest payable	(126,352)
Compensated absences	(634,217)
Total OPEB liability	(1,393,568)
Net pension liability	<u>(10,733,526)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ (83,346,689)</u></u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

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 \$ 7,390,821 difference are as follows:

Capital outlay	\$ 11,733,133
Depreciation expense	<u>(4,342,312)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 7,390,821</u>

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 “The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, disposals, and donations) is to increase net position.” The details of this \$ 2,138,258 difference are as follows:

Capital contributions	\$ 2,178,632
Capital assets sold	<u>(40,374)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 2,138,258</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

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

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 \$ (3,515,996) difference are as follows:

Debt issued or incurred:	
General obligation debt	\$ (14,211,960)
Issuance premiums	(1,201,244)
Temporary notes	(1,975,000)
Principal repayments:	
General obligation debt	13,451,008
Sales tax obligation bonds	211,200
Temporary notes	<u>210,000</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ (3,515,996)</u></u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

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

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 \$ (475,818) difference are as follows:

Compensated absences	\$ (55,249)
Accrued interest	15,190
Amortization of deferred charge on refunding	(130,483)
Amortization of bond discounts	(251)
Amortization of bond premiums	217,418
OPEB contributions	(136,365)
Pension contributions	<u>(386,078)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (475,818)</u></u>

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.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

3 - Stewardship, Compliance, and Accountability (Continued)

Budgetary Information (Continued)

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 1<sup>st</sup>.
- b. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
- 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 25<sup>th</sup>.

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 2019, the Derby Difference Sales Tax Fund budget was amended.



# CITY OF DERBY, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 4 - Deposits and Investments

#### 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 \$ 42,839,025, and the bank balances totaled \$ 43,741,502. Of the bank balances, \$ 751,000 was secured by federal deposit insurance and \$ 42,990,502 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the City's name.

As of December 31, 2019, the carrying amount of the Library's deposits was \$ 362,400, and the bank balance was \$ 401,397. Of the bank balance, \$ 250,000 was secured by federal deposit insurance and \$ 151,397 was unsecured.

#### Investments

As of December 31, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Bonds - U.S. government and agency obligations	\$ 18,541	< 1 year	AA+
Money market mutual funds	127,256	< 1 year	Not rated
Repurchase agreements	690,658	< 1 year	Not rated
	<u>\$ 836,455</u>		

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

4 - Deposits and Investments (Continued)

Investments (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, 2019 consisted entirely of bonds, 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.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

*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, 2019, the bonds and 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, 2019, 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
Bonds - U.S. government and agency obligations	\$ 18,541	\$ 18,541	\$ -	\$ -
Money market mutual funds	127,256	127,256	-	-
	<u>\$ 145,797</u>	<u>\$ 145,797</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,041,988	\$ -	\$ (6,488)	\$ 5,035,500
Land - right of way	30,066,710	-	-	30,066,710
Construction in progress	6,250,397	12,807,900	(4,694,412)	14,363,885
Total capital assets not being depreciated	41,359,095	12,807,900	(4,700,900)	49,466,095
Capital assets being depreciated:				
Buildings	26,831,821	-	-	26,831,821
Improvements	12,066,878	42,224	-	12,109,102
Infrastructure	122,665,703	4,513,188	-	127,178,891
Machinery and equipment	11,698,239	1,242,864	(281,601)	12,659,502
Total capital assets being depreciated	173,262,641	5,798,276	(281,601)	178,779,316
Less accumulated depreciation for:				
Buildings	(8,824,025)	(681,230)	-	(9,505,255)
Improvements	(1,755,776)	(309,167)	-	(2,064,943)
Infrastructure	(60,437,204)	(2,848,093)	-	(63,285,297)
Machinery and equipment	(9,764,375)	(503,822)	247,719	(10,020,478)
Total accumulated depreciation	(80,781,380)	(4,342,312)	247,719	(84,875,973)
Total capital assets being depreciated, net	92,481,261	1,455,964	(33,882)	93,903,343
Governmental activities capital assets, net	\$ 133,840,356	\$ 14,263,864	\$ (4,734,782)	\$ 143,369,438

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 712,358	\$ -	\$ -	\$ 712,358
Construction in progress	183,823	2,630,432	(1,443,466)	1,370,789
Total capital assets not being depreciated	896,181	2,630,432	(1,443,466)	2,083,147
Capital assets being depreciated:				
Buildings	10,485,515	3,267	(21,820)	10,466,962
Infrastructure	60,639,656	1,443,464	(1,505,251)	60,577,869
Machinery and equipment	2,619,761	90,227	(13,351)	2,696,637
Total capital assets being depreciated	73,744,932	1,536,958	(1,540,422)	73,741,468
Less accumulated depreciation for:				
Buildings	(7,789,849)	(421,184)	21,820	(8,189,213)
Infrastructure	(34,322,778)	(1,576,956)	1,505,251	(34,394,483)
Machinery and equipment	(1,778,226)	(172,035)	13,351	(1,936,910)
Total accumulated depreciation	(43,890,853)	(2,170,175)	1,540,422	(44,520,606)
Total capital assets being depreciated, net	29,854,079	(633,217)	-	29,220,862
Business-type activities capital assets, net	\$ 30,750,260	\$ 1,997,215	\$ (1,443,466)	\$ 31,304,009

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 260,571
Public safety	391,064
Public works	3,151,850
Culture and recreation	538,630
Economic development	197
	<hr/>

Total depreciation expense - governmental activities	<u><u>\$ 4,342,312</u></u>
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Business-type activities:

Sewer	\$ 877,322
Water	946,983
Stormwater	345,870
	<hr/>

Total depreciation expense - business-type activities	<u><u>\$ 2,170,175</u></u>
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Discretely Presented Component Unit

Capital asset activity for the Library for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment and books	\$ 979,601	\$ 258,474	\$ (183,201)	\$ 1,054,874
Less accumulated depreciation for:				
Equipment and books	(726,837)	(192,373)	183,201	(736,009)
	<hr/>	<hr/>	<hr/>	<hr/>
Library capital assets, net	<u><u>\$ 252,764</u></u>	<u><u>\$ 66,101</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 318,865</u></u>

# CITY OF DERBY, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 6 - Capital Projects

The City has the following projects in progress at December 31, 2019:

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

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.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Defined Benefit Pension Plan (Continued)

General Information About the Pension Plan (Continued)

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://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 for new hires starting January 1, 2015, was created. 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.



CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Defined Benefit Pension Plan (Continued)

General Information About the Pension Plan (Continued)

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. 74-4975 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 8.89% for KPERS and 22.13% for KP&F for the year ended December 31, 2019. Contributions to the Pension Plan from the City were \$ 544,363 for KPERS and \$ 865,520 for KP&F for the year ended December 31, 2019.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Defined Benefit Pension Plan (Continued)

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

At December 31, 2019, the City reported a liability of \$ 4,498,659 for KPERS and \$ 7,059,075 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, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019.

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, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the City's proportion for KPERS was 0.321937%, which was an increase of 0.003683% from its proportion measured as of June 30, 2018. At June 30, 2019, the City's proportion for KP&F was 0.697454%, which was a decrease of 0.012773% from its proportion measured as of June 30, 2018.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Defined Benefit Pension Plan (Continued)

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

For the year ended December 31, 2019, the City recognized pension expense of \$ 558,683 for KPERS and \$ 1,239,733 for KP&F. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 408,640	\$ 126,378
Net difference between projected and actual earnings on pension plan investments	247,920	-
Changes of assumptions	387,556	16,934
Changes in proportionate share	214,086	320,253
City contributions subsequent to measurement date	<u>719,120</u>	<u>-</u>
Total	<u><u>\$ 1,977,322</u></u>	<u><u>\$ 463,565</u></u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Defined Benefit Pension Plan (Continued)

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

The \$ 719,120 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, 2020. 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,	
2020	\$ 469,707
2021	55,445
2022	155,208
2023	113,366
2024	911
	<u>\$ 794,637</u>

*Actuarial assumptions.* The total pension liability for KPERS in the December 31, 2018 actuarial valuation, which was rolled forward to June 30, 2019, 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	3.50 to 12.00 percent
Long-term rate of return, net of investment expense, and including price inflation	7.75 percent

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.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Defined Benefit Pension Plan (Continued)

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

The actuarial assumptions used in the December 31, 2018 valuation, which was rolled forward to June 30, 2019, were based on the results of an actuarial experience study conducted for the three-year period ending December 31, 2015.

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 as of the most recent experience study, dated November 18, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equities	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short term investments	2%	(0.25%)
Total	100%	

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Defined Benefit Pension Plan (Continued)

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

*Discount rate.* The discount rate used by KPERS to measure the total pension liability was 7.75%. 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 7.75%, 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 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's KPERS proportionate share of the collective net pension liability	\$ 6,718,841	\$ 4,498,659	\$ 2,641,517
City's KP&F proportionate share of the collective net pension liability	10,017,340	7,059,075	4,582,441
	<u>\$ 16,736,181</u>	<u>\$ 11,557,734</u>	<u>\$ 7,223,958</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Defined Benefit Pension Plan (Continued)

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

*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, 2019 totaled \$ 40,000.

# CITY OF DERBY, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8 - Other Postemployment Healthcare Benefits (Continued)

#### Health Insurance (Continued)

Employees Covered by Benefit Terms. As of the actuarial valuation date of January 1, 2018, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	6
Active plan members	<u>179</u>
	<u><u>185</u></u>

#### Total OPEB Liability

The City's total OPEB liability of \$ 1,271,703 was measured as of December 31, 2019 and was determined by an actuarial valuation performed as of January 1, 2018 updated to December 31, 2019 for year-end measurements.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the January 1, 2018 actuarial valuation updated to December 31, 2019 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	3.00 percent
Mortality table	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality Tables using Scale MP-2019 Full Generational Improvement
Salary scale	3.50 percent
Inflation rate	2.50 percent
Healthcare cost trend rates	
Current rate	6.00 percent
Ultimate rate	4.50 percent
Actuarial cost method	Entry Age Normal - Level Percent-of-Pay



CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Health Insurance (Continued)

Total OPEB Liability (Continued)

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 from the beginning to the end of year measurement were as follows:

1. The discount rate and mortality were revised (RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement to Pub-2010 Public Retirement Plan Headcount-weighted Mortality with MP-2019 Full Generational Improvement).
2. Retiree contribution premiums, per capita claim costs and fixed costs were updated per January 1, 2019 and January 1, 2020 renewals.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2018	\$ 1,150,740
Changes for the year:	
Service cost	83,306
Interest cost	44,677
Differences between expected and actual experience	(85,053)
Changes in assumptions and inputs	118,033
Benefit payments	(40,000)
	<u>120,963</u>
Net changes	
	<u>\$ 1,271,703</u>
Balance at December 31, 2019	

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Health Insurance (Continued)

Changes in the Total OPEB Liability (Continued)

*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 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current discount rate:

	<u>1% Decrease (2.00%)</u>	<u>Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Total OPEB liability	\$ 1,421,628	\$ 1,271,703	\$ 1,138,290

*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 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,071,955	\$ 1,271,703	\$ 1,520,388

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Health Insurance (Continued)

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$ 130,151.

At December 31, 2019, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 79,383
Changes of assumptions	110,164	397
	<u>\$ 110,164</u>	<u>\$ 79,780</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,	
2020	\$ 2,168
2021	2,168
2022	2,168
2023	2,168
2024	2,168
2025 and Thereafter	19,544
	<u>\$ 30,384</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance

Plan Description Benefits Provided and Contributions. The City participates in a 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, 2019 totaled \$ 1,200.

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, 66 2/3 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.

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 65<sup>th</sup> 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.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

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, 2018, the following employees were covered by the benefit terms.

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

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Total OPEB Liability

The City's total OPEB liability of \$ 213,298 was measured as of June 30, 2019 and was determined by an actuarial valuation performed as of December 31, 2018.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2018 actuarial valuation rolled forward to the measurement date as of June 30, 2019 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.50 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-2019.
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

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Total OPEB Liability (Continued)

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 2, 2013 through December 31, 2015.

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

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2018	\$ 191,709
Changes for the year:	
Service cost	19,930
Interest on total OPEB liability	8,167
Effect of economic/demographic gains or losses	(8,558)
Effect of assumptions changes or inputs	3,250
Benefit payments	<u>(1,200)</u>
Net changes	<u>21,589</u>
Balance at December 31, 2019	<u><u>\$ 213,298</u></u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Changes in the Total OPEB Liability (Continued)

*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 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 221,695	\$ 213,298	\$ 204,343

*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 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 213,298	\$ 213,298	\$ 213,298



CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$ 26,989. At December 31, 2019, 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	\$ 1,948	\$ 7,678
Changes of assumptions	2,916	5,702
Benefit payments subsequent to the measurement date	30,682	-
	<u>\$ 35,546</u>	<u>\$ 13,380</u>

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$ 30,682 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, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2020	\$ (1,108)
2021	(1,108)
2022	(1,108)
2023	(1,108)
2024	(1,108)
2025 and Thereafter	(2,976)
	<u>\$ (8,516)</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Aggregate Other Postemployment Healthcare Benefit Information

	Balances at December 31, 2019		
	Health Insurance	Disability Benefits and Life Insurance	Total
Total OPEB liability	\$ 1,271,703	\$ 213,298	\$ 1,485,001
Total deferred outflows of resources	110,164	35,546	145,710
Total deferred inflows of resources	79,780	13,380	93,160

The aggregate amount of OPEB expenses for the two OPEB plans for the year ended December 31, 2019 was \$ 157,140.

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.

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Risk Management (Continued)

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 2019, the City's specific retention amount was \$ 70,000 per covered person. The minimum aggregate retention amount was \$ 2,637,944. 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, 2019 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, 2019 is as follows:

Claims payable, beginning of year	\$ 453,413
Incurred claims and change in estimate	1,558,582
Claim payments	<u>(1,697,283)</u>
Claims payable, end of year	<u><u>\$ 314,712</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)

### 10 - Long-Term Debt (Continued)

#### General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2019 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2019	Defeased During 2019	Outstanding December 31, 2019
General Obligation Bonds:						
Governmental activities:						
2009A Improvement	5.10% - 6.00%	\$ 7,198,750	2029	\$ 343,750	\$ 4,252,500	\$ -
2010A Improvement	3.50% - 3.75%	60,205	2025	4,087	15,051	13,256
2010C Refunding	2.60% - 2.80%	1,040,450	2021	100,000	-	205,000
2011A Refunding and Improvement	2.50% - 3.625%	1,465,700	2031	176,300	305,000	165,000
2012A Refunding	1.50% - 1.90%	2,418,743	2023	200,660	-	497,222
2012B Improvement	2.00% - 2.75%	877,860	2032	56,085	-	495,015
2013A Refunding and Improvement	2.00% - 2.90%	6,200,000	2033	205,000	-	3,340,000
2014A Refunding and Improvement	2.10% - 4.00%	3,146,914	2034	125,760	-	2,627,183
2014B Refunding	2.00% - 2.25%	2,428,520	2021	390,000	-	690,000
2014C Improvement	2.00% - 2.50%	5,380,000	2024	550,000	-	2,920,000
2015A Refunding	1.45% - 2.50%	886,200	2024	7,000	-	845,600
2015B Improvement	2.00% - 2.50%	1,725,000	2024	170,000	-	895,000
2015C Improvement	2.00% - 3.50%	955,000	2036	55,000	-	740,000
2016A Improvement	3.00% - 4.00%	1,455,000	2036	635,000	-	810,000
2017A Improvement	2.00% - 3.00%	5,105,000	2037	210,000	-	4,760,000
2017B Improvement	2.00% - 3.375%	26,342	2038	1,317	-	25,025
2018A Improvement	3.00% - 3.35%	6,125,000	2038	235,000	-	5,890,000
2018C Improvement	3.00% - 5.00%	3,395,000	2024	520,000	-	2,875,000
2019A Improvement	3.00% - 5.00%	5,385,000	2034	-	-	5,385,000
2019B Refunding and Improvement	2.25% - 4.00%	6,300,960	2040	-	-	6,300,960
				<u>\$ 3,984,959</u>	<u>\$ 4,572,551</u>	<u>\$ 39,479,261</u>
Business-type activities:						
2009A Improvement	5.10% - 6.00%	\$ 3,056,250	2029	\$ 146,250	\$ 1,707,500	\$ -
2012B Improvement	2.00% - 2.75%	708,120	2032	45,241	-	399,301
2013B Refunding and Improvement	3.00%	3,375,000	2022	695,000	-	565,000
2018A Improvement	3.00% - 3.35%	775,000	2038	185,000	-	590,000
2018B Improvement	3.50% - 5.00%	2,710,000	2039	-	-	2,710,000
2019B Refunding and Improvement	2.25% - 4.00%	1,633,040	2029	-	-	1,633,040
				<u>\$ 1,071,491</u>	<u>\$ 1,707,500</u>	<u>\$ 5,897,341</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (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
2020	\$ 4,132,084	\$ 680,049	\$ 836,838	\$ 248,518
2021	3,827,785	1,039,040	881,738	209,045
2022	3,476,838	922,678	899,665	175,620
2023	3,462,745	791,747	534,135	141,417
2024	3,598,159	682,209	553,605	117,735
2025-2029	10,082,219	2,551,474	2,191,360	216,772
2030-2034	8,299,163	1,108,250	-	-
2035-2039	2,600,268	178,436	-	-
	<u>\$ 39,479,261</u>	<u>\$ 7,953,883</u>	<u>\$ 5,897,341</u>	<u>\$ 1,109,107</u>

*Interest subsidy.* The interest subsidy reported under capital grants and contributions in the government-wide statement of activities in the sewer fund consists of the federal government's share of the interest expense on the City's Series 2009A General Obligation Bonds (Build America Bonds) for capital projects.

# CITY OF DERBY, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10 - Long-Term Debt (Continued)

#### 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, 2019 are comprised of the following issues:

Special Assessment Bonds	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2019	Defeased During 2019	Outstanding December 31, 2019
Governmental activities:						
2009B Improvement	3.50% - 3.90%	\$ 2,680,000	2024	\$ 190,000	\$ 675,000	\$ 405,000
2010A Improvement	3.50% - 3.75%	2,959,795	2025	200,912	739,949	651,744
2010C Refunding	2.60% - 2.80%	2,944,550	2021	753,700	-	685,000
2011A Refunding and Improvement	2.50% - 3.625%	8,184,300	2031	90,000	1,010,000	280,000
2012A Refunding	1.50% - 1.90%	5,166,257	2023	529,340	-	1,882,778
2012B Improvement	2.00% - 2.75%	1,579,020	2032	88,674	-	965,684
2014A Refunding and Improvement	2.10% - 4.00%	758,086	2034	49,239	-	482,817
2015A Refunding	1.45% - 2.50%	2,278,800	2024	18,000	-	2,174,400
2015C Improvement	2.00% - 3.50%	3,800,000	2036	225,000	-	3,135,000
2016A Improvement	3.00% - 4.00%	4,305,000	2036	200,000	-	3,740,000
2017B Improvement	2.00% - 3.375%	2,273,658	2038	123,684	-	2,149,975
2018B Refunding	3.50% - 5.00%	2,970,000	2039	-	-	2,970,000
2019B Refunding and Improvement	2.25% - 4.00%	2,526,000	2040	-	-	2,526,000
				<u>\$ 2,468,549</u>	<u>\$ 2,424,949</u>	<u>\$ 22,048,398</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Special Assessment Bonds (Continued)

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

	Governmental Activities	
	Principal	Interest
2020	\$ 2,586,078	\$ 1,171,505
2021	2,470,477	673,127
2022	2,488,497	603,561
2023	2,188,120	551,280
2024	2,038,236	481,205
2025-2029	5,176,421	1,454,818
2030-2034	3,355,837	682,045
2035-2039	1,724,732	172,930
2040-2044	20,000	550
	<u>\$ 22,048,398</u>	<u>\$ 5,791,021</u>

## CITY OF DERBY, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 10 - Long-Term Debt (Continued)

##### Call Provisions

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

Series 2009B: Callable December 1, 2019 at par plus accrued interest  
Series 2010A: Callable December 1, 2018 at par plus accrued interest  
Series 2010C: Callable December 1, 2017 at par plus accrued interest  
Series 2011A: Callable December 1, 2018 at par plus accrued interest  
Series 2012A: Callable December 1, 2019 at par plus accrued interest  
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 2014B: Callable December 1, 2020 at par plus accrued interest  
Series 2014C: Callable December 1, 2020 at par plus accrued interest  
Series 2015A: Callable December 1, 2020 at par plus accrued interest  
Series 2015B: Callable December 1, 2020 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

##### Refundings

In the current year, the City issued Series 2019-B General Obligation Refunding and Improvement Bonds in the amount of \$ 10,460,000 to currently refund \$ 5,960,000 of the outstanding balance of the Series 2009-A general obligation bonds, \$ 675,000 of the Series 2009-B general obligation bonds, \$ 755,000 of the Series 2010-A general obligation bonds, and \$ 1,315,000 of the Series 2011-A general obligation bonds, and to fund certain other internal improvements. The refunding transactions resulted in an economic gain of \$ 801,020 and a decrease in the future debt service payments of \$ 893,866.



CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10 - Long-Term Debt (Continued)

Future Installments

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

	Installment Range	
	Low	High
Governmental activities:		
Series 2009B	\$ 200,000	\$ 205,000
Series 2010A	210,000	235,000
Series 2010C	100,000	105,000
Series 2011A	165,000	800,000
Series 2012A	215,000	765,000
Series 2012B	30,000	171,891
Series 2013A	210,000	280,000
Series 2014A	185,000	225,000
Series 2014B	290,000	400,000
Series 2014C	560,000	610,000
Series 2015A	25,000	780,000
Series 2015B	170,000	185,000
Series 2015C	55,000	340,000
Series 2016A	210,000	855,000
Series 2017A	215,000	305,000
Series 2017B	55,000	160,000
Series 2018A	265,000	400,000
Series 2018B	115,000	175,000
Series 2018C	535,000	615,000
Series 2019A	260,000	445,000
Series 2019B	20,000	1,110,570
Business-type activities:		
Series 2012B	47,208	53,109
Series 2013B	185,000	190,000
Series 2018A	190,000	200,000
Series 2018B	285,000	400,000
Series 2019B	129,630	189,230

# CITY OF DERBY, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10 - Long-Term Debt (Continued)

#### 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.

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

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Sales Tax Special Obligation Revenue Bonds (Continued)

For this bond issue, the City records its proportional share of the outstanding obligation.

At December 31, 2019, 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, 2019
				Local Pledge		
2017 Derby Destination Development Bonds	\$ 20,465,000	2037	4.00%-5.00%	\$ 529,200	\$ 12,700,800	\$ 13,230,000

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

Governmental Activities		
Year	Principal	Interest
2020	\$ 161,600	\$ 27,413
2021	-	27,413
2022	-	27,413
2023	-	27,413
2024	-	27,413
2025-2029	-	137,065
2030-2034	69,000	105,858
2035-2039	298,600	37,325
	<u>\$ 529,200</u>	<u>\$ 417,313</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Temporary Notes Payable

The City issues temporary notes to provide temporary financing for capital improvement projects. Temporary notes payable at December 31, 2019 were as follows:

Temporary Notes	Interest Rate	Original Issue	Final Maturity Date	Principal Payments During 2019	Outstanding December 31, 2019
2018-1	2.00%	\$ 765,000	2019	\$ 210,000	\$ -
2018-2	2.55%	3,870,000	2020	-	3,870,000
2019-1	1.85%	1,975,000	2020	-	1,975,000
				<u>\$ 210,000</u>	<u>\$ 5,845,000</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
2020	<u>\$ 5,845,000</u>	<u>\$ 139,891</u>

# CITY OF DERBY, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 10 - Long-Term Debt (Continued)

#### 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 \$ 65,299 in principal on the loan during the year ended December 31, 2019. A repayment schedule reflecting the amount of principal forgiven has not been finalized. As of December 31, 2019, \$ 3,264,501 of the loan was drawn down and project costs of \$ 3,264,501 were incurred.

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 36,350,811	\$ 11,685,960	\$ 8,557,510	\$ 39,479,261	\$ 4,132,084
Plus (less) deferred amounts:					
Issuance premiums	1,574,318	1,201,244	217,418	2,558,144	-
Issuance discounts	(1,228)	-	(251)	(977)	-
Sales tax special obligation					
revenue bonds - direct borrowings	740,400	-	211,200	529,200	161,600
Special assessment debt with					
government commitment	24,415,896	2,526,000	4,893,498	22,048,398	2,586,078
Temporary notes - direct borrowings	4,080,000	1,975,000	210,000	5,845,000	5,845,000
Compensated absences	578,968	1,349,959	1,294,710	634,217	634,217
Total OPEB liability	1,231,057	288,331	125,820	1,393,568	-
Net pension liability	10,455,511	278,015	-	10,733,526	-
Governmental activities long-term liabilities	<u>\$ 79,425,733</u>	<u>\$ 19,304,509</u>	<u>\$ 15,509,905</u>	<u>\$ 83,220,337</u>	<u>\$ 13,358,979</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 7,043,292	\$ 1,633,040	\$ 2,778,991	\$ 5,897,341	\$ 836,838
Plus deferred amounts:					
Issuance premiums	445,330	162,809	81,465	526,674	-
Revolving loans - direct borrowings	1,041,220	-	65,299	975,921	-
Compensated absences	33,221	42,530	42,530	33,221	33,221
Total OPEB liability	111,392	34,562	54,521	91,433	-
Net pension liability	814,098	10,110	-	824,208	-
Business-type activities long-term liabilities	<u>\$ 9,488,553</u>	<u>\$ 1,883,051</u>	<u>\$ 3,022,806</u>	<u>\$ 8,348,798</u>	<u>\$ 870,059</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities (Continued)

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, 2019, 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, 2019 was \$ 28,996,292.

12 - Interfund Transactions

Interfund transfers for the year ended December 31, 2019 consisted of the following:

Transfers out	Transfers in			
	Governmental activities			Nonmajor governmental funds
	General fund	Debt service fund	Derby Difference Sales Tax fund	
Governmental activities:				
Capital projects fund	\$ 626,073	\$ 125,054	\$ 2,275	\$ 154,173
Nonmajor governmental funds	-	-	-	56,300
Business-type activities:				
Sewer fund	-	-	3,173	-
Total	<u>\$ 626,073</u>	<u>\$ 125,054</u>	<u>\$ 5,448</u>	<u>\$ 210,473</u>

CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

12 - Interfund Transactions (Continued)

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 \$ 999,474 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, 2019, industrial revenue bonds of \$ 11,615,893 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, 2019, the City's recorded encumbrances in governmental funds were as follows:

General fund	\$ 240,493
Capital improvement reserve fund	34,833
Public safety equipment reserve fund	12,004
Capital projects fund	1,646,615
Derby Difference Sales Tax fund	2,051,376
	<hr/>
	\$ 3,985,321
	<hr/>

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, 2019, abated property taxes that impacted the City totaled \$ 66,316, 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 \$ 9,425.
- A property tax abatement for constructing and equipping a memory care facility. The City's portion of the abatement amounted to \$ 14,438.
- A property tax abatement related to the construction and furnishing of a hotel. The City's portion of the tax abatement amounted to \$ 42,453.



CITY OF DERBY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

16 - Subsequent Events

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.

## 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 Six Fiscal Years<sup>1</sup>

	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability						
KPERS	0.321937%	0.318254%	0.311056%	0.322890%	0.317677%	0.321736%
KP&F	0.697454%	0.710227%	0.708786%	0.752855%	0.712797%	0.713596%
City's proportionate share of the collective net pension liability	\$ 11,557,734	\$ 11,269,609	\$ 11,152,434	\$ 11,987,447	\$ 9,346,983	\$ 8,640,032
City's covered payroll	\$ 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	119%	121%	124%	132%	109%	103%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

<sup>1</sup> 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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
KPERS contractually required contributions	\$ 544,363	\$ 482,805	\$ 477,511	\$ 494,232	\$ 503,225	\$ 490,774	\$ 412,001	\$ 387,604	\$ 348,907	\$ 312,537
KP&F contractually required contributions	865,520	733,249	684,037	709,642	723,684	660,727	544,841	510,275	429,184	355,552
Contributions in relation to the contractually required contribution	(1,409,883)	(1,216,054)	(1,161,548)	(1,203,874)	(1,226,909)	(1,151,500)	(956,844)	(897,871)	(778,099)	(668,098)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (2)</u>	<u>\$ 8</u>	<u>\$ (8)</u>	<u>\$ (9)</u>
City's covered payroll	\$ 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	\$ 7,827,607
Contributions as a percentage of covered payroll	14.0%	12.9%	12.6%	13.6%	14.1%	13.0%	11.5%	10.8%	9.6%	8.5%

# CITY OF DERBY, KANSAS

## Schedule of Changes in the City's Total OPEB Liability and Related Ratios - Health Insurance

Last Two Fiscal Years<sup>1</sup>

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

<sup>1</sup> 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 Two Fiscal Years<sup>1</sup>

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

<sup>1</sup> 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, 2019

	General	Derby Senior Activity Board	Payroll	Equipment Reserve	Capital Improvement Reserve	Public Safety Equipment Reserve	Total General Fund
Assets:							
Deposits and investments	\$ 10,912,670	\$ 9,729	\$ 623,576	\$ 39,669	\$ 1,732,170	\$ 443,367	\$ 13,761,181
Receivables (net of allowance for uncollectibles):							
Taxes	8,592,309	-	-	-	-	-	8,592,309
Accounts	133,159	-	-	-	-	-	133,159
Interest	154,957	-	-	-	-	-	154,957
Inventories	357,627	-	-	-	-	-	357,627
Total assets	<u>\$ 20,150,722</u>	<u>\$ 9,729</u>	<u>\$ 623,576</u>	<u>\$ 39,669</u>	<u>\$ 1,732,170</u>	<u>\$ 443,367</u>	<u>\$ 22,999,233</u>
Liabilities:							
Accounts payable	\$ 524,288	\$ 3,143	\$ -	\$ -	\$ 401,241	\$ 99,921	\$ 1,028,593
Accrued payroll	-	-	768,735	-	-	-	768,735
Total liabilities	<u>524,288</u>	<u>3,143</u>	<u>768,735</u>	<u>-</u>	<u>401,241</u>	<u>99,921</u>	<u>1,797,328</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	<u>7,437,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,437,889</u>
Fund balances (deficits):							
Nonspendable:							
Inventories	357,627	-	-	-	-	-	357,627
Assigned:							
Senior activities	-	6,586	-	-	-	-	6,586
Equipment purchases	-	-	-	39,669	-	343,446	383,115
Capital improvements	240,493	-	-	-	1,330,929	-	1,571,422
Unassigned	<u>11,590,425</u>	<u>-</u>	<u>(145,159)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,445,266</u>
Total fund balances (deficits)	<u>12,188,545</u>	<u>6,586</u>	<u>(145,159)</u>	<u>39,669</u>	<u>1,330,929</u>	<u>343,446</u>	<u>13,764,016</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 20,150,722</u>	<u>\$ 9,729</u>	<u>\$ 623,576</u>	<u>\$ 39,669</u>	<u>\$ 1,732,170</u>	<u>\$ 443,367</u>	<u>\$ 22,999,233</u>



CITY OF DERBY, KANSAS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES (DEFICITS)

GENERAL FUND

Year Ended December 31, 2019

	General	Derby Senior Activity Board	Payroll
Revenues:			
Taxes:			
Property	\$ 7,899,709	\$ -	\$ -
Excise	14,331	-	-
Sales	4,441,071	-	-
Franchise	2,093,657	-	-
Intergovernmental	391,360	-	-
Licenses and permits	672,927	-	-
Charges for services	446,442	-	-
Fines and fees	843,861	-	-
Investment earnings	813,852	-	-
Other	647,099	6,654	-
Total revenues	18,264,309	6,654	-
Expenditures:			
Current:			
General government	4,960,538	12,553	15,320
Public works	3,005,521	-	-
Public safety	6,846,237	-	-
Culture and recreation	1,084,588	-	-
Economic development	384,831	-	-
Capital outlay	484,771	-	-
Total expenditures	16,766,486	12,553	15,320
Excess (deficiency) of revenues over (under) expenditures	1,497,823	(5,899)	(15,320)
Other financing sources (uses):			
Transfers in	350,000	-	-
Transfers out	(894,968)	-	-
Sale of general capital assets	25,512	-	-
Total other financing sources (uses)	(519,456)	-	-
Net change in fund balances (deficits)	978,367	(5,899)	(15,320)
Fund balances (deficits), beginning of year	11,210,178	12,485	(129,839)
Fund balances (deficits), end of year	\$ 12,188,545	\$ 6,586	\$ (145,159)

Equipment Reserve	Capital Improvement Reserve	Public Safety Equipment Reserve	Eliminations	Total General Fund
\$ -	\$ -	\$ -	\$ -	\$ 7,899,709
-	-	-	-	14,331
-	-	-	-	4,441,071
-	-	-	-	2,093,657
-	-	-	-	391,360
-	-	-	-	672,927
-	-	-	-	446,442
-	-	-	-	843,861
-	-	-	-	813,852
-	-	-	-	653,753
-	-	-	-	18,270,963
-	-	-	-	4,988,411
-	-	-	-	3,005,521
-	-	-	-	6,846,237
-	-	-	-	1,084,588
-	-	-	-	384,831
-	114,547	1,022,495	-	1,621,813
-	114,547	1,022,495	-	17,931,401
-	(114,547)	(1,022,495)	-	339,562
-	476,073	694,968	(894,968)	626,073
-	-	-	894,968	-
-	-	-	-	25,512
-	476,073	694,968	-	651,585
-	361,526	(327,527)	-	991,147
39,669	969,403	670,973	-	12,772,869
\$ 39,669	\$ 1,330,929	\$ 343,446	\$ -	\$ 13,764,016

CITY OF DERBY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

DERBY SENIOR ACTIVITY BOARD

Year Ended December 31, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Contributions	\$ 9,100	\$ 6,654	\$ (2,446)
Expenditures:			
Board expenditures	17,080	12,553	(4,527)
Net change in fund balances	(7,980)	(5,899)	2,081
Fund balance, beginning of year	7,980	12,485	4,505
Fund balance, end of year	\$ -	\$ 6,586	\$ 6,586

## **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, 2019

	Special Street and Highway	Special Parks and Recreation	Special Drug and Alcohol	Law Enforcement Trust
Assets:				
Deposits and investments	\$ 673,977	\$ 126,287	\$ 132,956	\$ 3,426
Restricted investments	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	-
Total assets	<u>\$ 673,977</u>	<u>\$ 126,287</u>	<u>\$ 132,956</u>	<u>\$ 3,426</u>
Liabilities:				
Accounts payable	<u>\$ 72,323</u>	<u>\$ -</u>	<u>\$ 44,607</u>	<u>\$ -</u>
Total liabilities	<u>72,323</u>	<u>-</u>	<u>44,607</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted:				
Capital projects	-	-	-	-
Substance abuse prevention	-	-	88,349	-
Culture and recreation	-	126,287	-	-
Crime prevention	-	-	-	3,426
Library operations	-	-	-	-
Streets and sidewalks	601,654	-	-	-
Assigned:				
Library operations	-	-	-	-
Aquatic park operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>601,654</u>	<u>126,287</u>	<u>88,349</u>	<u>3,426</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 673,977</u>	<u>\$ 126,287</u>	<u>\$ 132,956</u>	<u>\$ 3,426</u>

Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
Law Enforcement Trust - State	Library	Library Employee Benefits	Aquatic Park	STAR Bonds	
\$ 3 -	\$ 41,086 -	\$ 15,847 -	\$ 1,091,223 -	\$ - 145,797	\$ 2,084,805 145,797
-	969,633	106,018	34,261	-	1,109,912
<u>\$ 3</u>	<u>\$ 1,010,719</u>	<u>\$ 121,865</u>	<u>\$ 1,125,484</u>	<u>\$ 145,797</u>	<u>\$ 3,340,514</u>
\$ -	\$ 2,210	\$ -	\$ 4,499	\$ -	\$ 123,639
-	2,210	-	4,499	-	123,639
-	969,633	106,018	-	-	1,075,651
-	-	-	-	145,797	145,797
-	-	-	-	-	88,349
-	-	-	-	-	126,287
3	-	-	-	-	3,429
-	38,876	-	-	-	38,876
-	-	-	-	-	601,654
-	-	15,847	-	-	15,847
-	-	-	1,120,985	-	1,120,985
3	38,876	15,847	1,120,985	145,797	2,141,224
<u>\$ 3</u>	<u>\$ 1,010,719</u>	<u>\$ 121,865</u>	<u>\$ 1,125,484</u>	<u>\$ 145,797</u>	<u>\$ 3,340,514</u>

CITY OF DERBY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2019

	Special Street and Highway	Special Parks and Recreation	Special Drug and Alcohol
Revenues:			
Taxes:			
Property	\$ -	\$ -	\$ -
Excise	-	-	-
Franchise	-	-	-
Intergovernmental	959,472	77,775	77,775
Charges for services	-	-	-
Investment earnings	-	-	-
Other	-	-	-
Total revenues	959,472	77,775	77,775
Expenditures:			
Current:			
General government	-	-	42,176
Public works	766,921	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	7,718	44,457
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	766,921	7,718	86,633
Excess (deficiency) of revenues over (under) expenditures	192,551	70,057	(8,858)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	192,551	70,057	(8,858)
Fund balances, beginning of year	409,103	56,230	97,207
Fund balances, end of year	\$ 601,654	\$ 126,287	\$ 88,349

Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
Law Enforcement Trust	Law Enforcement Trust - State	Library	Library Employee Benefits	Aquatic Park	STAR Bonds	
\$ -	\$ -	\$ 1,029,335	\$ 112,579	\$ -	\$ -	\$ 1,141,914
-	-	1,868	204	-	-	2,072
-	-	-	-	225,867	-	225,867
-	-	-	-	-	-	1,115,022
-	-	-	-	17,975	-	17,975
2	2	-	-	26,346	2,790	29,140
-	-	6,742	-	70,956	236,865	314,563
2	2	1,037,945	112,783	341,144	239,655	2,846,553
-	-	968,395	171,379	-	-	1,181,950
-	-	-	-	-	-	766,921
-	2,262	-	-	-	-	2,262
-	-	-	-	289,883	-	289,883
-	-	-	-	-	5,973	58,148
-	-	-	-	-	211,200	211,200
-	-	-	-	-	30,858	30,858
-	2,262	968,395	171,379	289,883	248,031	2,541,222
2	(2,260)	69,550	(58,596)	51,261	(8,376)	305,331
-	-	-	56,300	-	154,173	210,473
-	-	(56,300)	-	-	-	(56,300)
-	-	(56,300)	56,300	-	154,173	154,173
2	(2,260)	13,250	(2,296)	51,261	145,797	459,504
3,424	2,263	25,626	18,143	1,069,724	-	1,681,720
\$ 3,426	\$ 3	\$ 38,876	\$ 15,847	\$ 1,120,985	\$ 145,797	\$ 2,141,224



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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Gasoline tax	\$ 930,507	\$ 959,472	\$ 28,965
Expenditures:			
Capital outlay	1,104,904	766,921	(337,983)
Net change in fund balances	(174,397)	192,551	366,948
Fund balance, beginning of year	174,397	409,103	234,706
Fund balance, end of year	\$ -	\$ 601,654	\$ 601,654

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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special alcohol tax	\$ 67,909	\$ 77,775	\$ 9,866
Expenditures:			
Capital outlay	12,500	7,718	(4,782)
Contingency	102,363	-	(102,363)
Total expenditures	114,863	7,718	(107,145)
Net change in fund balance	(46,954)	70,057	117,011
Fund balance, beginning of year	46,954	56,230	9,276
Fund balance, end of year	\$ -	\$ 126,287	\$ 126,287

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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special alcohol tax	\$ 67,909	\$ 77,775	\$ 9,866
Expenditures:			
Contributions to others	2,000	2,000	-
Treatment program	18,700	740	(17,960)
DARE program	42,500	39,436	(3,064)
Capital outlay	48,000	44,457	(3,543)
Contingency	31,562	-	(31,562)
Total expenditures	142,762	86,633	(56,129)
Net change in fund balance	(74,853)	(8,858)	65,995
Fund balance, beginning of year	74,853	97,207	22,354
Fund balance, end of year	\$ -	\$ 88,349	\$ 88,349

CITY OF DERBY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

LIBRARY FUND

Year Ended December 31, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 1,025,459	\$ 1,031,203	\$ 5,744
Miscellaneous	10,000	6,742	(3,258)
Total revenues	1,035,459	1,037,945	2,486
Expenditures:			
Personnel	639,655	599,655	(40,000)
Library board appropriation	365,000	362,000	(3,000)
Miscellaneous	-	6,740	6,740
Total expenditures	1,004,655	968,395	(36,260)
Excess of revenues over expenditures	30,804	69,550	38,746
Other financing uses:			
Transfers out	(56,300)	(56,300)	-
Net change in fund balance	(25,496)	13,250	38,746
Fund balance, beginning of year	25,496	25,626	130
Fund balance, end of year	\$ -	\$ 38,876	\$ 38,876

CITY OF DERBY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

LIBRARY EMPLOYEE BENEFITS FUND

Year Ended December 31, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 111,739	\$ 112,783	\$ 1,044
Expenditures:			
Personnel	178,382	171,379	(7,003)
Deficit of revenues under expenditures	(66,643)	(58,596)	8,047
Other financing sources:			
Transfers in	56,300	56,300	-
Net change in fund balance	(10,343)	(2,296)	8,047
Fund balance, beginning of year	10,343	18,143	7,800
Fund balance, end of year	\$ -	\$ 15,847	\$ 15,847

CITY OF DERBY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

AQUATIC PARK FUND

Year Ended December 31, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 21,000	\$ 17,975	\$ (3,025)
Franchise tax	220,000	225,867	5,867
Investment earnings	8,000	26,346	18,346
Other	(37,500)	70,956	108,456
Total revenues	<u>211,500</u>	<u>341,144</u>	<u>129,644</u>
Expenditures:			
Contractual	447,252	277,808	(169,444)
Capital outlay	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total expenditures	<u>497,252</u>	<u>277,808</u>	<u>(219,444)</u>
Net change in fund balance	(285,752)	63,336	349,088
Fund balance, beginning of year	<u>752,989</u>	<u>1,057,649</u>	<u>304,660</u>
Fund balance, end of year	<u>\$ 467,237</u>	<u>\$ 1,120,985</u>	<u>\$ 653,748</u>

CITY OF DERBY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

Year Ended December 31, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem property tax	\$ 2,497,673	\$ 2,509,704	\$ 12,031
Delinquent tax	25,000	26,624	1,624
Motor vehicle tax	300,681	313,999	13,318
Excise tax	4,200	5,183	983
Special assessments	3,439,040	3,539,077	100,037
Intergovernmental	83,530	84,023	493
Investment earnings	50,000	114,779	64,779
Other	285,170	285,170	-
Total revenues	<u>6,685,294</u>	<u>6,878,559</u>	<u>193,265</u>
Expenditures:			
Principal	5,213,510	5,213,509	(1)
Interest	1,505,525	1,770,825	265,300
Contingency	730,500	-	(730,500)
Total expenditures	<u>7,449,535</u>	<u>6,984,334</u>	<u>(465,201)</u>
Deficiency of revenues under expenditures	(764,241)	(105,775)	658,466
Other financing sources:			
Transfers in	<u>-</u>	<u>125,054</u>	<u>125,054</u>
Net change in fund balance	(764,241)	19,279	783,520
Fund balance, beginning of year	<u>764,241</u>	<u>928,324</u>	<u>164,083</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 947,603</u>	<u>\$ 947,603</u>

CITY OF DERBY, KANSAS  
BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT

DERBY PUBLIC LIBRARY

December 31, 2019

Assets:

Deposits and investments	\$ 362,400
Prepaid items	<u>33,011</u>
Total assets	<u><u>\$ 395,411</u></u>

Liabilities:

Accounts payable	<u>\$ 24,803</u>
------------------	------------------

Fund balance:

Nonspendable - prepaid items	33,011
Assigned	<u>337,597</u>
Total fund balance	<u><u>370,608</u></u>
Total liabilities and fund balance	<u><u>\$ 395,411</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, 2019

Revenues:	
Taxes	\$ 362,000
Fines and fees	145,440
Gifts and grants	145,026
Investment earnings	<u>1,201</u>
Total revenues	653,667
Expenditures:	
Current:	
Education	<u>705,206</u>
Net change in fund balance	(51,539)
Fund balance, beginning of year	<u>422,147</u>
Fund balance, end of year	<u><u>\$ 370,608</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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	108
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	113
<b>Debt Capacity</b>	
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.	117
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	121
<b>Operating Information</b>	
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.	123

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 77,267,850	\$ 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
Restricted	35,103,190	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
Unrestricted	10,754,074	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
Total governmental activities net position	<u>\$ 123,125,114</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 11,221,505	\$ 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
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,624,983	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
Total business-type activities net position	<u>\$ 18,846,488</u>	<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>
Primary Government										
Net investment in capital assets	\$ 88,489,355	\$ 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
Restricted	35,103,190	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
Unrestricted	18,379,057	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
Total primary government net position	<u>\$ 141,971,602</u>	<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>

## CITY OF DERBY, KANSAS

## CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 6,504,927	\$ 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
Public safety	4,184,465	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
Public works	5,735,114	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
Engineering, operations and parks	-	-	-	-	-	-	-	-	-	-
Culture and recreation	1,575,639	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
Personnel benefits and services	-	-	-	-	-	-	-	-	-	-
Economic development	354,583	486,128	456,529	454,647	414,564	372,781	390,258	372,519	372,102	385,028
Interest on long-term debt	2,768,250	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
Total government activities expenses	<u>21,122,978</u>	<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>
Business-type activities:										
Sewer	2,277,017	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
Water	3,441,903	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
Stormwater	-	-	-	366,660	423,080	435,426	439,443	484,247	584,204	551,061
Aquatic park	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>5,718,920</u>	<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>
Total primary government expenses	<u>\$ 26,841,898</u>	<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>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General government	\$ 1,184,565	\$ 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
Public safety	817,255	743,245	767,224	585,885	905,643	824,400	531,558	557,714	748,847	739,358
Public works/services/engineering/parks	284,224	419,464	500,981	530,670	395,668	413,635	395,934	558,314	424,909	903,731
Culture and recreation	298,790	322,850	295,766	137,679	189,380	219,063	151,240	75,246	121,935	128,131
Other	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,436,287	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
Capital grants and contributions	3,920,673	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
Total governmental activities program revenues	<u>7,941,794</u>	<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>
Business-type activities										
Charges for services:										
Sewer	2,899,676	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
Water	3,442,740	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
Stormwater	-	-	-	524,016	532,338	541,292	558,777	603,673	578,854	602,574
Aquatic park	-	-	-	-	-	-	-	-	-	-
Sales tax for aquatic park	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	91,679	-	-	-	-	-	-	-	-	-
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>6,434,095</u>	<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>
Total primary government program revenues	<u>\$ 14,375,889</u>	<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>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (13,181,184)	\$ (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)
Business-type activities	715,175	720,486	3,207,308	97,606	701,490	241,116	274,731	349,327	1,541,148	(677,491)
Total primary government net expense	<u>\$ (12,466,009)</u>	<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>

(Continued)

## CITY OF DERBY, KANSAS

## CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental-Type Activities										
Taxes										
Property taxes - general	\$ 9,181,649	\$ 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
Sales taxes	5,409,560	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
Franchise taxes	1,731,570	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
Excise taxes	11,778	14,744	17,118	15,520	15,918	7,442	25,731	18,048	18,460	21,586
Unrestricted Investment earnings	51,201	50,874	22,298	48,533	24,380	51,676	108,238	278,463	573,474	1,060,534
Transfers	(395,329)	173,186	(1,720)	(7,300,801)	(1,199,044)	(317,678)	(179,209)	(2,122,197)	168,730	(996,301)
Gain on sale of capital assets	-	-	-	-	-	-	4,047	25,875	10,590	-
Total Governmental Activities	<u>\$15,990,429</u>	<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>
Business type activities:										
Unrestricted Investment earnings	\$ 34,929	\$ 15,595	\$ 4,288	\$ 3,856	\$ 4,828	\$ 6,834	\$ 17,803	\$ 26,151	\$ 63,665	\$ 118,579
Gain on sale of capital assets	-	-	-	-	33,500	-	-	(13,608)	-	-
Transfers	395,329	(173,186)	1,720	7,300,801	1,199,044	317,678	179,209	2,122,197	(168,730)	996,301
Total business-type activities	<u>430,258</u>	<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>
Total primary government	<u>\$16,420,687</u>	<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>
<b>Change in Net Position</b>										
Governmental activities	\$ 2,809,245	\$ 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
Business-type activities	1,145,433	562,895	3,213,316	7,402,263	1,938,862	565,628	471,743	2,484,067	1,436,083	437,389
Total primary government	<u>\$ 3,954,678</u>	<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>

CITY OF DERBY, KANSAS  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 58,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,800,661	-	-	-	-	-	-	-	-	-
Nonspendable	-	209,459	242,792	218,990	240,913	255,178	250,646	326,159	348,621	357,627
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
Unassigned	-	5,470,372	5,722,861	5,836,379	6,664,396	7,539,205	8,422,593	9,549,018	10,532,329	11,445,266
Total general fund	<u>\$ 7,858,758</u>	<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>
All Other Governmental Funds										
Reserved	\$ 1,472,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Debt service fund	412,393	-	-	-	-	-	-	-	-	-
Special revenue funds	5,930,880	-	-	-	-	-	-	-	-	-
Capital projects fund	4,381,329	-	-	-	-	-	-	-	-	-
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
Assigned	-	301,984	571,137	689,074	1,036,874	1,221,910	1,342,277	1,214,692	1,087,867	1,136,832
Total all other governmental funds	<u>\$ 12,197,012</u>	<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>

NOTE: The City implemented GASB Statement No. 54 in 2011 which establishes new categories for reporting fund balance.

## CITY OF DERBY, KANSAS

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes:										
Property - general	\$ 9,181,649	\$ 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
Excise	11,778	14,744	17,118	15,520	15,918	7,442	25,731	18,048	18,460	21,586
Sales	5,409,560	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
Franchise	1,731,570	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
Special assessments	3,946,741	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
Intergovernmental	2,022,573	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
Licenses & permits	419,935	462,070	351,727	516,908	445,416	490,566	414,531	646,612	471,649	672,927
Charges for services	198,148	228,574	240,231	255,227	279,559	276,316	307,493	530,879	376,653	464,417
Fines & fees	799,227	795,731	857,092	728,104	919,007	981,393	739,194	800,015	779,638	843,861
Investment earnings	51,201	50,874	22,298	48,533	24,380	51,675	108,238	278,463	573,474	1,060,535
Miscellaneous	807,353	957,048	1,013,753	633,469	874,039	787,956	911,346	943,852	1,023,707	1,285,556
Total Revenues	24,579,735	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
<b>Expenditures</b>										
General Government	5,956,547	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
Public works	2,723,993	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
Public safety	3,878,726	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
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
Parks and recreation	1,116,417	1,054,174	-	-	-	-	-	-	-	-
Economic development	354,583	486,128	456,529	454,647	414,465	372,583	390,061	372,322	371,905	384,831
Debt service										
Principal	16,125,877	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
Interest and fiscal charges	2,924,795	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
Debt issuance costs	246,074	147,271	237,126	152,252	317,625	256,438	172,610	268,954	315,121	270,973
Capital outlay	7,912,077	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
Total Expenditures	41,239,089	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
Excess of revenues over/(under) expenditures	(16,659,354)	(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)
<b>Other Financing Sources (Uses)</b>										
Sale of capital assets	99,296	-	-	-	-	-	-	-	-	-
General obligation bonds issued	10,320,000	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
General obligation refunding bonds issued	3,985,000	3,985,000	7,585,000	1,700,000	3,300,000	3,165,000	4,485,000	-	-	-
Premium on general obligation bonds issued	147,110	265,106	46,859	167,968	337,385	347,087	251,322	153,429	447,467	1,201,244
Discount on general obligation bonds issued	(32,120)	-	(2,909)	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	(4,099,291)	(7,058,518)	(7,465,498)	-	-	(3,205,139)	(1,307,859)	-	-	-
Temporary notes issued	3,460,000	-	5,480,000	4,630,000	3,885,000	-	1,470,000	3,905,000	4,635,000	1,975,000
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
Transfers in (out), net	656,178	664,937	164,860	326,663	359,000	372,914	350,600	359,000	360,634	3,173
Total other financing sources (uses)	14,536,173	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
Net change in fund balance	\$ (2,123,181)	\$ (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)
Debt service as a percentage of noncapital expenditures	54.98%	33.96%	32.58%	37.43%	45.74%	31.35%	28.81%	26.60%	28.99%	42.57%



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
2010	\$ 289,422,334	\$ 4,245,958	\$ 4,396,296	\$ 121,419,510	\$ 176,645,078	47.818	\$ 1,425,888,138	12.39%
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%

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	
2010	31.566	11.577	4.675	47.818	1.046	58.324	29.359	1.500	138.047
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

Source: Sedgwick County Clerk's Office

CITY OF DERBY, KANSAS

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND TEN YEARS AGO

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Taxpayer	2019			2010		
	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	\$ 6,374,675	1	2.68%			
Derby Marketplace	4,412,342	2	1.86%	\$ 5,162,020	1	2.92%
Wal-Mart Real Estate Business Trust	3,905,254	3	1.64%	2,819,788	3	1.60%
The Greens at Derby	3,772,002	4	1.59%	3,770,242	2	2.13%
Kansas Gas & Elec-A Westar Energy Co	3,357,976	5	1.41%	1,599,349	8	0.91%
Cole MT Derby KS LLC	2,541,475	6	1.07%	N/A	N/A	N/A
Dillon Companies	2,191,348	7	0.92%	2,044,902	5	1.16%
Fairways at Derby LP	2,148,662	8	0.90%	N/A	N/A	N/A
Lowes Home Centers Inc	2,035,863	9	0.86%	1,718,800	6	0.97%
The Trails at Derby	1,920,823	10	0.81%	N/A	N/A	N/A
Target Corporation				2,102,975	4	1.19%
Kohl's Illinois Inc				1,687,500	7	0.96%
Derby Land Development				1,291,820	9	0.73%
Kansas Gas Service-A Division of Oneok				1,231,374	10	0.70%
Total	\$ 32,660,420		13.73%	\$ 23,428,770		13.26%

Source: Sedgwick County Clerk's Office

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
2010	\$8,114,419	\$ 7,903,509	97.40 %	\$ 238,083	\$8,141,592	100.33 %	\$ 210,910	2.60 %
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

Source: Sedgwick County Treasurer's Office - *second half taxes are due on May10th*

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Legal debt limit	\$ 89,419,376	\$ 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
Total net debt applicable to debt limit	<u>59,917,607</u>	<u>56,503,891</u>	<u>63,407,122</u>	<u>60,881,203</u>	<u>59,688,444</u>	<u>59,351,072</u>	<u>57,416,943</u>	<u>58,030,747</u>	<u>66,881,676</u>	<u>66,477,397</u>
Legal debt margin	<u>\$ 29,501,769</u>	<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>
Legal debt margin as a percentage of debt limit	32.99%	38.29%	32.68%	32.69%	38.20%	41.50%	46.12%	49.55%	44.64%	48.37%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed value	\$ 237,822,350
Add back: exempt real property	<u>191,405,045</u>
Total assessed value	\$ 429,227,395
Debt limit (30% of total assessed value)	128,768,219
Debt applicable to limit:	
General obligation bonds	67,425,000
Less: amount set aside for repayment of general obligation debt	<u>(947,603)</u>
Total net debt applicable to limit	<u>\$ 66,477,397</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		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Sales Tax Obligation Bonds	Temp Notes	Certificates of Participation	Capital Leases	Revolving Loan	General Obligation Bonds			
2010	\$ 60,330,000	\$ -	\$ 3,460,000	\$ 1,265,000	\$ -	\$ 2,856,493	\$ 11,000,000	\$ 78,911,493	N/A	\$ 3,561
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

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
2010	\$ 71,330,000	\$ 412,393	\$ 70,917,607	\$ 176,645,078	40.15 %	22,158	\$ 3,200.54
2011	57,445,000	941,109	56,503,891	178,301,641	31.69	22,158	2,550.04
2012	64,590,000	1,182,878	63,407,122	181,111,211	35.01	22,279	2,846.05
2013	61,885,000	1,003,797	60,881,203	181,079,671	33.62	22,279	2,732.67
2014	60,595,000	906,556	59,688,444	185,228,486	32.22	23,047	2,589.86
2015	60,450,000	1,098,928	59,351,072	189,575,240	31.31	23,234	2,554.49
2016	58,150,000	733,057	57,416,943	203,414,839	28.23	23,509	2,442.34
2017	60,048,627	634,253	59,414,374	207,761,220	28.60	23,633	2,514.04
2018	69,828,419	928,324	68,900,095	220,755,643	31.21	23,771	2,898.49
2019	70,508,841	947,603	69,561,238	237,822,350	29.25	24,721	2,813.85

CITY OF DERBY, KANSAS  
GOVERNMENTAL ACTIVITIES DIRECT AND OVERLAPPING DEBT

December 31, 2019

Taxing Body	Debt		City's Share		Per Capita
	Amount	As of Date	Percent	Amount	
Estimated Overlapping debt:					
Sedgwick County	\$ 52,920,000	12/31/2019	4.68%	\$ 2,477	\$ 0.10
USD No. 260	53,347,500	12/31/2019	51.51%	<u>27,478,376</u>	<u>1,111.54</u>
Total Overlapping Debt				27,480,853	1,111.64
City of Derby Direct Debt	70,459,026	12/31/2019	100%	<u>70,459,026</u>	<u>2,850.17</u>
Direct and estimated overlapping debt				97,939,879	3,961.81

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 <sup>1</sup>	County Total Personal Income <sup>2</sup> (000's omitted)	County Population <sup>1</sup>	County Per Capita Income <sup>2</sup>	City School Enrollment <sup>3</sup>	Unemployment Rate <sup>2</sup> (Sedgwick County)
2010	22,158	\$ 19,241,873	498,365	\$ 38,610	6,753	7.9%
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 <sup>4</sup>	23,771	Not Available	525,294	Not Available	7,411	3.4%
2019 <sup>4</sup>	24,721	Not Available	516,042	Not Available	7,240	3.3%

<sup>1</sup>Bureau of the Census

<sup>2</sup>US Bureau of Labor Statistics, Sedgwick County

<sup>3</sup>Kansas State Department of Education

<sup>4</sup>In 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, 2019

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
USD 260	1,125	1	14.95%	1,105	1	26.20%
Walmart	259	2	3.44%	385	2	9.13%
City of Derby	198	3	2.63%	169	3	4.01%
Dillon's	188	4	2.50%	130	6	3.08%
Rock Regional Hospital	120	5	1.60%			
Lowe's Home Improvement	113	6	1.50%	160	4	3.79%
Derby Recreation Commission	75	7	1.00%	85	8	2.02%
Glen Carr House Memory Care	70	8	0.93%			
Derby Health & Rehab	69	9	0.92%	99	7	2.35%
Real Wing, Inc. (DBA Buffalo Wild Wings)	65	10	0.86%			
Shared Services, a division of Wal Mart <sup>1</sup>				145	5	3.44%
Kohl's				80	9	1.90%
Westview of Derby <sup>2</sup>				76	10	1.80%
Total City Employment (est.)	7,523			4,217		

Note: Derby Finance Office

<sup>1</sup>Shared Services, a division of Wal Mart closed

<sup>2</sup>Previously Westview Manor

CITY OF DERBY, KANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Administration & Operations	16.5	18.25	18.25	20	20	11	11	11	12	25.8
Finance	8.5	7.5	7.5	8.31	9.5	11.5	11.5	11.5	11.5	11.5
Law	1	0	0	0	0	0	0	0	0	0
Economic Development	1	0	0	0	0	0	0	0	0	0
Operations	4	4	4	4	4	14	14.7	14.7	14.7	0
Planning & Engineering	12	12	12	8.5	9.5	10.5	11.5	11.5	12	12
Public Safety										
Police	57	61	61	56.5	56.5	56.5	56.5	56.5	57.5	58.5
Animal Control	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Fire	15	16.15	18.12	18.12	18.12	24.6	24.6	24.6	24.6	27.7
Public Works	33	35	35	33	33	33	35	35	35	35
Stormwater	0	0	0	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Water	7.5	8.75	8.75	9.7	10.7	10.7	10.7	10.7	10.7	10.7
Wastewater	11	11	11	11	11	11	11	11	12	12
Total	<u>168</u>	<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>

Data Source: City of Derby Operating Budgets

Note: Beginning in 2011, the Law and Economic Development functions have moved to Administration. 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	<u>Fiscal Year</u>									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Dispatched Calls	27,594	27,739	24,317	24,444	24,452	23,208	25,023	23,538	25,631	25,518
Offenses	3,022	2,879	2,192	2,412	2,676	3,027	3,035	3,204	2,883	2,686
Offenses Cleared	2,392	1,758	980	1,067	1,027	1,531	1,309	1,412	1,409	1,268
Arrests	1,857	2,077	955	1,201	1,179	1,259	1,093	1,182	1,161	1,048
Serious Offenses	784	750	561	586	583	650	550	582	564	454
Fire										
Emergency Responses	1,862	2,069	2,096	2,034	2,186	2,268	2,469	2,117	2,193	2,205
First Responder/Medical	1,454	1,422	1,470	1,431	1,539	1,606	1,666	1,350	1,364	1,159
Life Safety Inspections	644	773	663	553	523	617	646	640	390	449
Water										
New Connections	120	127	102	74	93	121	77	156	82	60
Water Main Breaks	9	25	30	12	18	14	15	16	31	21
Average Daily Consumption	2,287,457	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
Peak Daily Consumption	4,839,500	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
Wastewater										
Average Daily Sewage Treatment	1,600,000	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

Source: Various city departments.

## CITY OF DERBY, KANSAS

## CAPITAL ASSET STATISTICS BY PROGRAM/FUNCTION

## LAST TEN FISCAL YEARS

Program/Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Patrol units	15.00	17.00	17.00	17.00	17.00	18.00	18.00	18.00	18.00	18.00
Fire Stations	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Works										
Streets(lane miles)	302.50	318.73	319.04	320.87	322.43	326.80	328.72	333.40	334.63	336.18
Traffic Signals	17.00	17.00	17.00	17.00	19.00	19.00	19.00	19.00	19.00	22.00
Culture and Recreation										
Acreage	297.00	313.68	313.68	313.68	313.68	392.03	392.03	392.03	392.03	392.03
Playgrounds	18.00	19.00	19.00	19.00	19.00	19.00	20.00	20.00	20.00	20.00
Baseball/Softball diamonds	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
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)	132.50	133.00	134.79	136.20	137.90	138.40	139.90	144.06	144.90	146.25
Fire hydrants	975.00	976.00	997.00	999.00	1,031.00	1,044.00	1,061.00	1,117.00	1,132.00	1,144.00
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)	122.10	122.19	123.81	124.40	125.80	126.03	127.30	130.65	131.11	132.57
Storm Sewer(combined, miles)	46.10	46.84	47.47	49.00	50.70	51.30	52.50	54.60	54.60	56.10
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