CITY OF DERBY, KANSAS

Annual Comprehensive Financial Report

For the year ended December 31, 2025



DERBY

DerbyKS.gov
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CITY OF DERBY, KANSAS

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

Prepared by:

Finance Department
City of Derby, Kansas

CITY OF DERBY, KANSAS
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
Year Ended December 31, 2025

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July 13, 2026

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

The Annual Comprehensive Financial Report of the City of Derby, Kansas for the fiscal year ended December 31, 2025 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 Swindoll, Janzen, Hawk and Loyd, LLC has performed the audit this year, and their report on the December 31, 2025 financial statements is located at the front of the Financial Section.

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 complements 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 of 26,604 in 2025.

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

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

The Derby Public Library, although a separate legal entity, is reported as a discrete component unit. A Board of Trustees, the appointees of which are approved by the City Council, governs the Library. The

Library is not a separate taxing entity under state statutes, and the City levies taxes for the Library operation, which represents a significant portion of its total revenues.

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

All budgets are prepared using the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments evidenced by documents such as purchase orders and contracts in addition to disbursements and accounts payable are all recorded as expenditures although the actual funds have yet to be released to the billing source. Furthermore, the statutes provide for a public hearing on or before August 15th of each year and adoption of a final budget on or before August 25th of each year. This deadline may be extended to September 20th if the process to exceed the revenue neutral rate is followed by the city. This process involves notification to the County Clerk of the intent to exceed the revenue neutral rate by July 20th, publication of a notice of a tax rate hearing, and then holding the hearing between August 20th and September 20th.

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

Economic Condition and Outlook

Derby, the 16th largest city in Kansas, is part of the Wichita Metropolitan Statistical Area (MSA) that includes Sedgwick, Butler, Harvey, Kingman and Sumner counties. Together this region's population exceed 648,900 residents.

Derby supports more than 600 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 Boeing 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. These businesses will contribute to city-wide sales tax revenue and stable property tax revenue which helps fund most other City services, as well as programs of the Derby Recreation Commission.

Multiple STAR Bond projects have been built, which include Field Station: Dinosaurs (a privately owned entertainment destination for kids ages 3 – 11), the Sandbox (a multi-sport attraction featuring indoor and outdoor courts for pickleball and sand volleyball) and infrastructure mostly east of Rock Road. An additional $35.285 million in Sales Tax Special Obligation Revenue Bonds (STAR Bonds) were issued in July 2022 to build an outdoor adventure sports complex which includes a man-made lagoon designed for various water sports, an indoor heated water park, glamping, and an aerial park, as well as land acquisition and infrastructure required for the project.

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 2025 assessed valuation which funds the 2026 operating budget, grew by 7.161%. Residential building permits were higher in 2025 than 2024 and are expected to increase in 2026 and 2027 with several new subdivisions currently installing infrastructure. Non-residential building permits increased in 2025 and are also expected to increase in 2026 and 2027. With the growth in commercial businesses and residential permits mentioned above, the assessed valuation should continue to increase in the near future.

The City's share of the countywide retail sales tax grew 5.2% in 2025, which is the second largest source of revenue for the General Fund. The Derby Difference Sales Tax (city-wide retail sales tax) grew 106.9% in 2025. Most of this increase is due to the sales tax increasing from ½ cent to one cent, effective January 1, 2025. The continued expansion of Derby's retail offerings and compensating use tax contributed to the increase beyond the rate change.

As mentioned above, voters approved a new one cent Derby Difference Sales Tax in November 2023, which began January 1, 2025. The new sales tax funds park and trails maintenance and improvements, streets and sidewalks maintenance and improvements, and public safety equipment and capital improvements. From 2015 to 2024, a ½ cent Derby Difference Sales Tax was used for development of parks and the operations of the public library and fire department from 2015 to 2024. Prior to 2015, the ½ cent sales tax has been used to fund construction and operations of the public library and the aquatic park.

Derby's economic outlook remains positive as modest growth is projected for the next several years as a result of the region's economic diversity despite uncertain with in the overall national level economy. Aviation, manufacturing, and a growing defense sector are shaping the foundation of the regional economy and the source of many of the jobs held by Derby residents.

The most significant recent development came in December 2025, when Boeing completed its acquisition of Spirit AeroSystems, returning the Wichita fuselage manufacturer and its workforce of roughly 9,500, the largest in the region to Boeing ownership. This change has been well received with no disruption noted from the workers who call Derby home. Textron Aviation, the area's second largest employer with about 9,000 workers, reported record revenue of approximately $6 billion in 2025 and carried a backlog of roughly $7.7 billion in orders into the new year. On the defense side, Bell Textron opened a new assembly center in Wichita in 2026 to build fuselages for the U.S. Army's next generation MV-75 helicopter, adding welcome diversification to a region long dependent on commercial aviation. Additional companies such as Bombardier, RTX, and Airbus are actively hiring and growing both commercial and defense focused operations. Many of these companies are partners with The National Institute for Aviation Research (NIAR) at Wichita State University. NIAR is the largest applied aerospace research and development academic institution in the nation serving clients all across the globe.

Together these employers help keep the Wichita area job market strong, with regional unemployment at about 3.7 percent at the end of 2025. McConnell Air Force Base, which borders Derby to the south, is both a national defense asset and a major economic engine for the community. As the first main operating base for the Air Force's KC-46A Pegasus refueling tanker, McConnell is now home to roughly 25 of the new aircraft and is positioned to remain central to the Air Force's mission for decades to come. The base supports a total force population of around 6,000 military and civilian personnel and generates an estimated $1 billion in annual economic impact, supporting nearly 10,000 direct and indirect jobs across the area. Many of the service members and families stationed at McConnell make their homes in Derby, directly supporting local housing, retail, and schools.

Major Initiatives

Located on the south edge of Derby, Decarsky Park (63 acres) houses a ballfield complex and dog park. Part of the initial phase of this park was funded by a ½ cent city-wide retail sales tax, the Derby Difference, as mentioned in the previous section. The one cent Derby Difference sales tax which began on January 1, 2025 funded Phase 2 construction of the park, to open in fall 2026. Phase 2 adds four ballfields to the complex and makes it eligible to hold larger tournaments, which will generate more transient guest and sales tax revenue.

The K15 Area Plan Phase 2 was completed in 2025. The City received a grant of $6.8 million to help cover the total project cost of $10.9 million, and a possible TIF district is planned for Phase 1. This project involves reconstruction of the intersection at Nelson Drive and Patriot, which will enable more commercial development along Patriot and enhance traffic safety.

Construction of the wastewater treatment master plan began in 2024 and will be completed in phases over multiple years. The total estimate for all phases is $51.6 million through 2028.

Design of a water treatment facility began in 2021 and construction will begin in 2026. Prior to connection to the City of Wichita water system, Derby supplied water to its residents from wells outside of the City. Derby still owns those water rights so in 2020, the contract with the City of Wichita was renewed and amended to include the option for Derby to use those water rights by building its own water treatment plant, therefore reducing the volume of water purchased wholesale from the City of Wichita. Estimated cost of construction is $41 million.

In 2023, the Cross of Glory Lutheran Church donated their five-acre property to the City. Design for a new Senior Center on the land was started in 2024 and construction was completed in April 2026. Following the Senior Center relocation, remodels began on City Hall and the Police Department facilities. These remodels will allow for additional space for long-term operational needs.

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.

The Derby Difference Sales Tax which began in January 1, 2025 will provide additional funding for streets and sidewalks, to assist with these needs. Beyond the sales tax, the primary method of financing infrastructure upgrades and new construction is issuance of long-term bonds. These bonds come in the

form of General Obligation, Revenue, and Special Assessment bonds.

According to state law, cities of the First Class, such as Derby, may issue longer-term debt not to exceed 30 percent of total assessed valuation; however, such projects as sanitary sewer and water lines and certain intersection improvements do not count against the total "debt limit." As of December 31, 2025, Derby had outstanding debt applicable to the limit of $67,225,371. When exempt projects are taken into consideration, Derby had additional debt capacity of approximately $52 million.

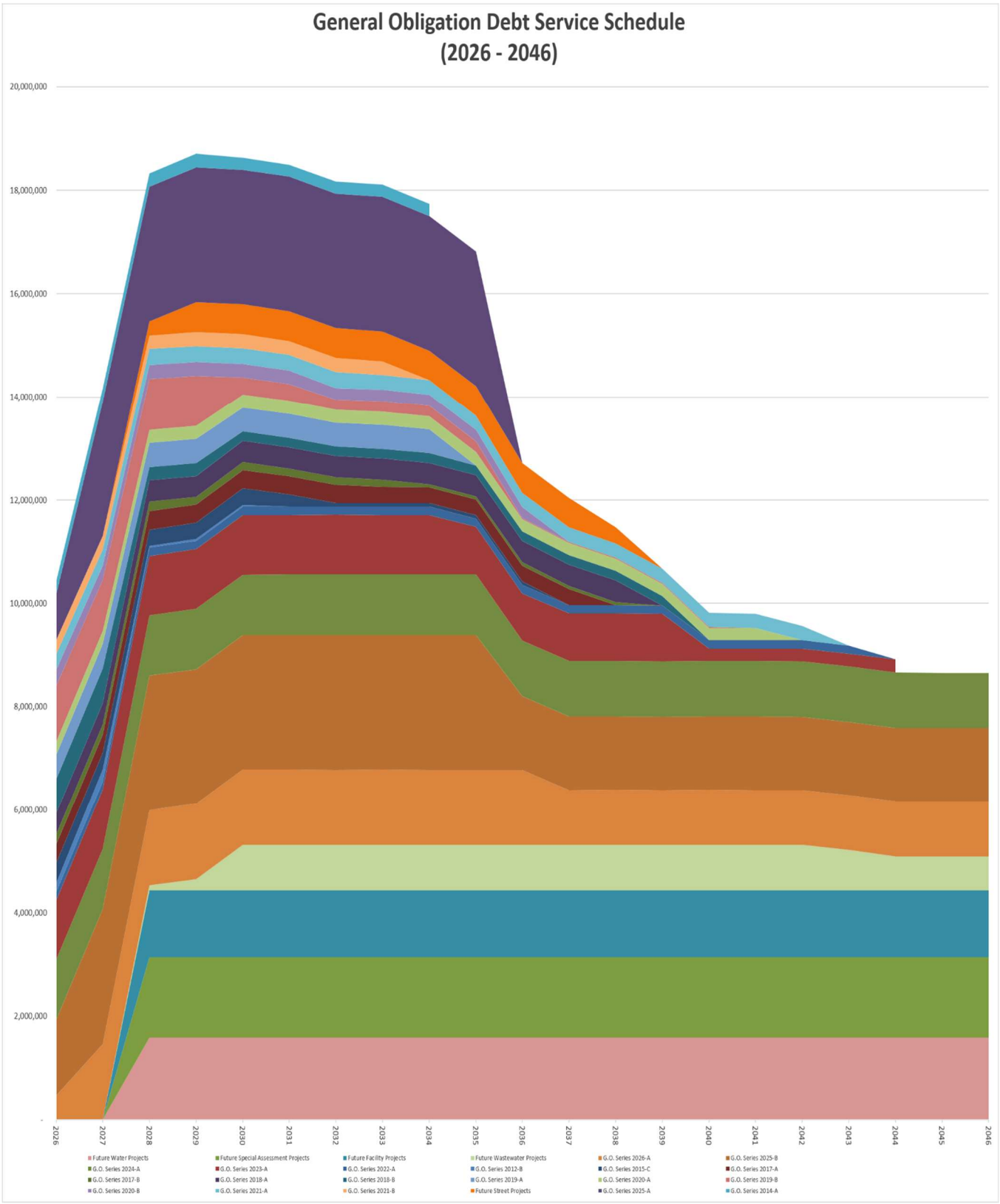
The City Council had for many years an unofficial policy that direct debt, as a percentage of Assessed Valuation should not exceed 20%. In 2009, that practice was ratified with adoption of the City's Debt Management Policy. The City Council temporarily exceeded the 20% limit to issue financing for projects authorized by the voters, such as construction of an aquatic park in 2003, a new public library in 2009 and most recently, construction of Madison Avenue Central Park and Decarsky Park. Derby's ratio of direct debt as a percentage of assessed valuation as of December 2025 was 16.9% and is well within compliance of city policy.

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

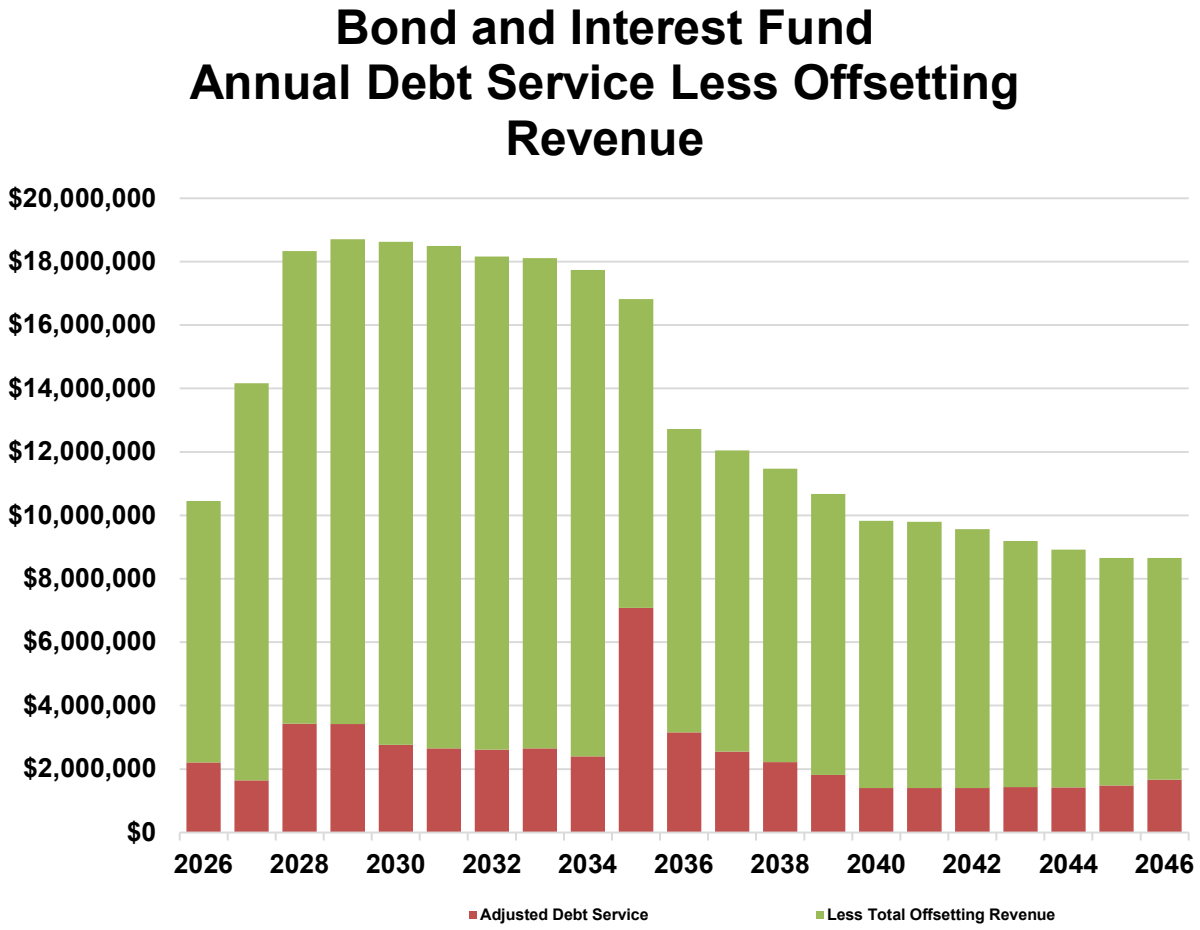
The following chart incorporates debt to be issued to finance CIP projects in 2026 and beyond with existing outstanding bond issues. This chart illustrates an increase in total debt followed by a gradual reduction after 2029.

As mentioned in the prior section, the wastewater treatment plant construction is underway. Bonds were issued in 2023, 2024 and 2025 to finance these projects. These bonds will be paid for with sanitary sewer system revenue. Likewise with the water treatment plant, construction will be financed with bonds paid for with water system revenue.

There are several park and street projects which were financed with bonds in 2025 and will be paid back with Derby Difference Sales Tax funds.


General Obligation Debt Service Schedule
(2026 - 2046)
20,000,000
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039
2040
2041
2042
2043
2044
2045
2046
Future Water Projects
Future Special Assessment Projects
Future Facility Projects
Future Wastewater Projects
G.O. Series 2026-A
G.O. Series 2025-B
G.O. Series 2024-A
G.O. Series 2023-A
G.O. Series 2022-A
G.O. Series 2012-B
G.O. Series 2015-C
G.O. Series 2017-A
G.O. Series 2017-B
G.O. Series 2018-A
G.O. Series 2018-B
G.O. Series 2019-A
G.O. Series 2020-A
G.O. Series 2019-B
G.O. Series 2020-B
G.O. Series 2021-A
G.O. Series 2021-B
Future Street Projects
G.O. Series 2025-A
G.O. Series 2014-A

Much of Derby's outstanding debt has offsetting revenues paid through special assessments, Derby Recreation Commission rent payments, and utility charges for services. 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.



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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. This is the 17th year 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 Annual Comprehensive Financial Report. A Certificate of Achievement is valid for a period of one year only.

The City also received the GFOA Distinguished Budget Presentation award for annual budgets for the years 2005 through 2026. 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.

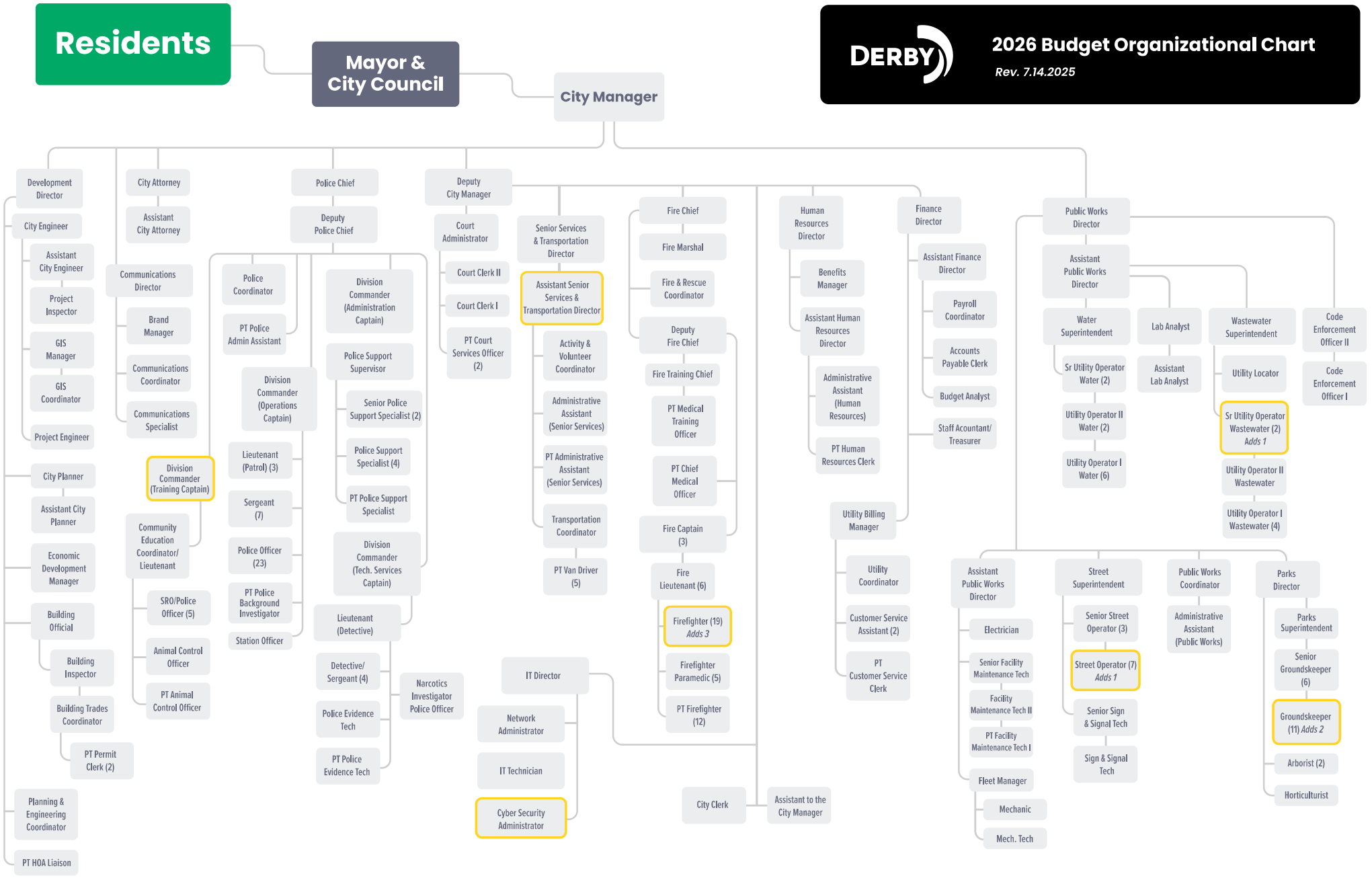
Respectfully submitted,

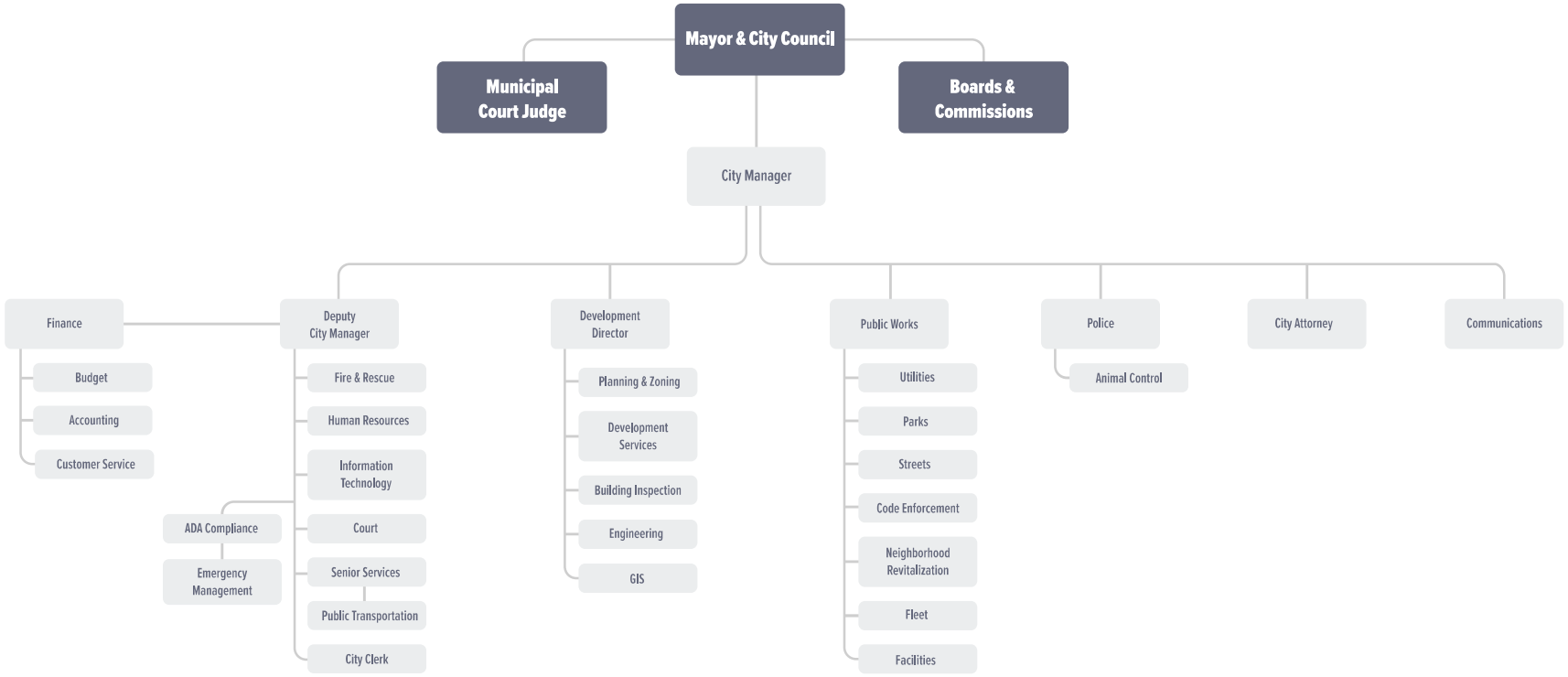


Kiel Mangus
City Manager



Megan Pater
Finance Director


Residents
Mayor & City Council
City Manager
DERBY
2026 Budget Organizational Chart
Rev. 7.14.2025
Development Director
City Engineer
Assistant City Engineer
Project Inspector
GIS Manager
GIS Coordinator
Project Engineer
City Planner
Assistant City Planner
Economic Development Manager
Building Official
Building Inspector
Building Trades Coordinator
PT Permit Clerk (2)
Planning & Engineering Coordinator
PT HOA Liaison
City Attorney
Assistant City Attorney
Communications Director
Brand Manager
Communications Coordinator
Communications Specialist
Police Chief
Deputy Police Chief
Police Coordinator
PT Police Admin Assistant
Division Commander (Training Captain)
Community Education Coordinator/ Lieutenant
SRO/Police Officer (5)
Animal Control Officer
PT Animal Control Officer
Division Commander (Operations Captain)
Lieutenant (Patrol) (3)
Sergeant (7)
Police Officer (23)
PT Police Background Investigator
Station Officer
Division Commander (Administration Captain)
Police Support Supervisor
Senior Police Support Specialist (2)
Police Support Specialist (4)
PT Police Support Specialist
Division Commander (Tech. Services Captain)
Lieutenant (Detective)
Detective/ Sergeant (4)
Police Evidence Tech
PT Police Evidence Tech
Narcotics Investigator Police Officer
Deputy City Manager
Court Administrator
Court Clerk II
Court Clerk I
PT Court Services Officer (2)
Senior Services & Transportation Director
Assistant Senior Services & Transportation Director
Activity & Volunteer Coordinator
Administrative Assistant (Senior Services)
PT Administrative Assistant (Senior Services)
Transportation Coordinator
PT Van Driver (5)
Fire Chief
Fire Marshal
Fire & Rescue Coordinator
Deputy Fire Chief
Fire Training Chief
PT Medical Training Officer
PT Chief Medical Officer
Fire Captain (3)
Fire Lieutenant (6)
Firefighter (19) Adds 3
Firefighter Paramedic (5)
PT Firefighter (12)
Human Resources Director
Benefits Manager
Assistant Human Resources Director
Administrative Assistant (Human Resources)
PT Human Resources Clerk
Finance Director
Assistant Finance Director
Payroll Coordinator
Accounts Payable Clerk
Budget Analyst
Staff Acountant/ Treasurer
Utility Billing Manager
Utility Coordinator
Customer Service Assistant (2)
PT Customer Service Clerk
IT Director
Network Administrator
IT Technician
Cyber Security Administrator
City Clerk
Assistant to the City Manager
Public Works Director
Assistant Public Works Director
Water Superintendent
Sr Utility Operator Water (2)
Utility Operator II Water (2)
Utility Operator I Water (6)
Lab Analyst
Assistant Lab Analyst
Wastewater Superintendent
Utility Locator
Sr Utility Operator Wastewater (2) Adds 1
Utility Operator II Wastewater
Utility Operator I Wastewater (4)
Code Enforcement Officer II
Code Enforcement Officer I
Assistant Public Works Director
Electrician
Senior Facility Maintenance Tech
Facility Maintenance Tech II
PT Facility Maintenance Tech I
Fleet Manager
Mechanic
Mech. Tech
Street Superintendent
Senior Street Operator (3)
Street Operator (7) Adds 1
Senior Sign & Signal Tech
Sign & Signal Tech
Public Works Coordinator
Administrative Assistant (Public Works)
Parks Director
Parks Superintendent
Senior Groundskeeper (6)
Groundskeeper (11) Adds 2
Arborist (2)
Horticulturist


Mayor & City Council
Municipal Court Judge
Boards & Commissions
City Manager
Finance
Budget
Accounting
Customer Service
Deputy City Manager
Fire & Rescue
Human Resources
Information Technology
ADA Compliance
Court
Emergency Management
Senior Services
Public Transportation
City Clerk
Development Director
Planning & Zoning
Development Services
Building Inspection
Engineering
GIS
Public Works
Utilities
Parks
Streets
Code Enforcement
Neighborhood Revitalization
Fleet
Facilities
Police
Animal Control
City Attorney
Communications

Rev. 7.14.2025

City of Derby, Kansas
List of Elected and Appointed Officials
December 31, 2025

Elected Officials

Mayor	Mark Staats	At-Large
Councilmember	Kristi Truitt	Ward I
Councilmember	Mike Neel	Ward I
Councilmember	Wayne Molt, Jr.	Ward II
Councilmember	Elizabeth Stanton	Ward II
Council President	Nick Engle	Ward III
Councilmember	Rick Coleman	Ward III
Councilmember	Jenny Webster	Ward IV
Councilmember	Chris Unkel	Ward IV

Appointed Officials

City Manager	Kiel Mangus
Deputy City Manager	Dan Bronson
Assistant City Manager for Development	Daniel J. Squires
City Attorney	Jacqueline Butler
Director of Finance	Megan Pater
Director of IT	Richard Montano
Chief of Police	Brandon Russell
Director of Public Works	Robert Mendoza
Fire Chief	John Turner
Communications Director	Kristy Bansemer
Director of Human Resources	Jenny Turner

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Derby
Kansas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Derby, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the Derby Difference sales tax fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Kansas Municipal Audit and Accounting Guide. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, the financial statements have been restated due to a change in the financial reporting entity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 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 statements and schedules listed under supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 13, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Swindoll, Janzen, Hawk & Loyd, LLC

July 13, 2026
Topeka, Kansas

CITY OF DERBY, KANSAS

Management's Discussion and Analysis

This section of the annual financial report provides an overview and analysis of the financial activities during the fiscal year that ended December 31, 2025. 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 2025 by $204,855,968. Of this amount, $18,843,767 of unrestricted net position may be used to meet the City's ongoing obligations.
- The City's total net position increased by $16,333,327 or 8.66%, from $188,522,641 at year-end 2024.
- At year-end 2025, the City of Derby's governmental funds reported combined ending fund balances of $76,170,570, an increase of $20,180,751 or 36.04%.
- At the end of 2025, the budgetary fund balance for the general fund was $16,840,198 or 67.36% of the general fund non-GAAP budgetary expenditures.
- The City's total outstanding debt increased by $52,383,032 during 2025 to $165,410,573.

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 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 subsidies to various business-type activities and/or component units.

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

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

The government-wide financial statements include not only the City of Derby itself (known as the primary government), but also a legally separate Derby Public Library for which the City of Derby is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government.

The government-wide statements can be found on pages 13-14 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 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, STAR Bonds Fund, and Derby Difference Sales Tax Fund which are considered to be major funds. In addition, five funds are presented in the combining statements of the General Fund on pages 73-75 of this report. Data from the other ten 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 on pages 77-80 of 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 15–21 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 22–25 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 26 – 68 of this financial report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's net pension liability and other post-employment

benefits and *other supplementary information* such as the combining statements of the non-major governmental funds and the fund financial statements of the discretely presented component unit, the Derby Public Library.

Government 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 $204,855,968 as of December 31, 2025.

The City's net investment in capital assets consists of land, buildings, improvements, equipment, construction in progress, infrastructure, right-to-use leased assets, and subscription assets, less any outstanding debt used to acquire those assets and accumulated depreciation/amortization 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, $136,680,750 or 66.72%, is the investment in capital assets net of related debt. The next largest portion, $49,331,451 or 24.08% is restricted, due to project financing or bond covenants. The remaining balance of $18,843,767 or 9.20% of the City's net position, is unrestricted, which may be used to meet the city's ongoing obligation to citizens and creditors.

Current and other assets increased by $44,736,125 or 29.44%, due to an increase in special assessment receivables and cash. Capital assets, net of accumulated depreciation, increased by $27,478,329 or 14.34% as building of infrastructure such as streets, water and sewer lines to serve residential and commercial development and city facilities outpaced depreciation. The deferred outflows of resources decreased by $93,715 primarily due to a decrease in the KPERS liability. Long-term liabilities increased by $52,373,713 due to the issuance of more bonds and temporary notes than were redeemed. Other liabilities increased by $1,761,911 due to higher accounts payable at year-end.

TABLE A-1
CITY OF DERBY'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 143,212,508	$ 109,745,281	$ 53,475,269	$ 42,206,371	$ 196,687,777	$ 151,951,652
Capital assets, net	163,993,342	148,128,468	55,142,892	43,529,437	219,136,234	191,657,905
Total assets	307,205,850	257,873,749	108,618,161	85,735,808	415,824,011	343,609,557
Deferred outflows of resources	5,505,207	5,574,275	401,605	426,252	5,906,812	6,000,527
Liabilities:						
Long-term liabilities	145,871,157	109,996,559	43,768,931	27,269,816	189,640,088	137,266,375
Other liabilities	4,883,378	2,300,505	1,469,436	2,290,398	6,352,814	4,590,903
Total liabilities	150,754,535	112,297,064	45,238,367	29,560,214	195,992,902	141,857,278
Deferred inflows of resources	20,147,191	19,165,430	734,762	64,735	20,881,953	19,230,165
Net position:						
Net investment in capital assets	89,055,093	90,140,374	47,625,657	34,417,552	136,680,750	124,557,926
Restricted	49,331,451	40,552,060	-	-	49,331,451	40,552,060
Unrestricted	3,422,787	1,293,096	15,420,980	22,119,559	18,843,767	23,412,655
Total net position	$ 141,809,331	$ 131,985,530	$ 63,046,637	$ 56,537,111	$ 204,855,968	$ 188,522,641

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, 2025. Derby's net position at year-end 2025 of $204,855,968 reflects an increase of $16,333,327 or 8.66% from $188,522,641 at year-end 2024. Net position of the City's government-type activities increased $9,823,801 or 7.44%, the increase in revenue exceeded the increase in expenses from 2024 to 2025. The City's net position for business-type activities grew $6,509,526 or 11.5% as the result of investment in infrastructure and net income. 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	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 5,105,213	$ 5,839,778	$ 12,256,197	$ 12,562,830	$ 17,361,410	$ 18,402,608
Operating grants & contributions	1,647,145	1,748,777	-	-	1,647,145	1,748,777
Capital grants & contributions	12,901,636	3,723,202	26,882	-	12,928,518	3,723,202
General revenues:						
Property taxes	16,365,383	15,844,564	-	-	16,365,383	15,844,564
Sales taxes	14,486,311	10,034,525	-	-	14,486,311	10,034,525
Franchise taxes	2,962,365	2,680,657	-	-	2,962,365	2,680,657
Excise taxes	112,873	104,648	-	-	112,873	104,648
Grants and contributions not restricted to specific programs	-	2,921,851	-	-	-	2,921,851
Gain on sale of capital assets	80,175	-	-	79,174	80,175	79,174
Investment earnings	3,316,005	3,293,201	1,231,346	702,051	4,547,351	3,995,252
Total revenues	56,977,106	46,191,203	13,514,425	13,344,055	70,491,531	59,535,258
Expenses:						
General government	8,565,492	8,951,983	-	-	8,565,492	8,951,983
Public safety	12,730,986	13,915,831	-	-	12,730,986	13,915,831
Public works	9,600,175	9,092,849	-	-	9,600,175	9,092,849
Culture and recreation	5,322,186	3,376,703	-	-	5,322,186	3,376,703
Economic development	1,382,386	790,768	-	-	1,382,386	790,768
Interest on long-term debt	4,376,215	3,309,289	-	-	4,376,215	3,309,289
Sewer system	-	-	4,363,777	3,704,862	4,363,777	3,704,862
Water system	-	-	6,971,100	6,880,713	6,971,100	6,880,713
Stormwater system	-	-	845,887	908,363	845,887	908,363
Total expenses	41,977,440	39,437,423	12,180,764	11,493,938	54,158,204	50,931,361
Increases in net position before transfers	14,999,666	6,753,780	1,333,661	1,850,117	16,333,327	8,603,897
Transfers	(5,175,865)	(3,796,995)	5,175,865	3,796,995	-	-
Increase (decrease) in net position	9,823,801	2,956,785	6,509,526	5,647,112	16,333,327	8,603,897
Net position, beginning of year as previously stated	131,985,530	129,028,745	56,537,111	50,038,399	188,522,641	179,067,144
Change in financial reporting entity	-	-	-	851,600	-	851,600
Net position, beginning of year as restated	131,985,530	129,028,745	56,537,111	50,038,399	188,522,641	179,918,744
Net position, end of year	$ 141,809,331	$ 131,985,530	$ 63,046,637	$ 56,537,111	$ 204,855,968	$ 188,522,641

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

- Charges for services overall decreased by $1,041,198 or 5.65%.
  - Government-type charges for services decreased by $734,565.
    - Fees collected from the Aquatic Park were lower as the park did not qualify for the Sunflower Summer program in 2025 and attendance returned to normal levels.
    - Permits and development fees increased, as the number of residential and commercial permits issued increased in 2025 and several subdivisions are currently under construction or preparing for the installation of infrastructure.
    - Court fees and fines increased due to an increase in the number of tickets and cases, and fees were increased in the fall of 2025.
    - Insurance reimbursements were also lower, due to a large claim reimbursement in 2024.
  - Business-type charges for services decreased by $306,633. While rates for both sewer and water increased in 2025, water consumption was down significantly from 2024 due to water drought restrictions which began in August 2024.
- Operating grants and contributions decreased by $101,632 or 5.8%, mostly due to a reduction in transportation grants and one-time grant for public safety in 2024.
- Capital grant revenues increased by $9,205,316 or 247%. Governmental capital grant revenues of $12,901,636 consist primarily of special assessments for infrastructure to serve properties throughout

the City and construction in progress additions. Business-type capital grant revenues of $26,882 consist of a cyber grant.

- Property tax revenues, our largest source of tax revenue, increased $520,819 or 3.29%, reflecting growth in the City's assessed valuation in 2025.
- Sales tax revenues consist of a county-wide and city-wide levy and increased in total $4,451,786 or 44.36%. County-wide sales tax receipts increased 5.2% and the new city-wide one cent tax replaced the previous ½ cent tax, which ended December 31, 2024.
- Interest earnings on the City's idle funds increased by $552,099 overall as the rate on short-term investments and amount of money invested increased in 2025.
- General government expenses decreased $386,491 or 4.3%; personnel, contractual and commodity costs decreased.
- Public safety expenses decreased $1,184,845 or 8.5%. While wages increased, there was a decrease in equipment expenses from 2024.
- Public works expenses increased $507,326 or 5.6% primarily due to increased wages.
- Culture and recreation increased $1,945,483 due to an increase in capital improvement projects.
- Economic development increased $591,618 due to more STAR Bond activity in 2025.
- Interest on long-term debt increased by $1,066,926 or 32.24% reflecting additional debt issued in 2025.
- Sewer utility expenses increased $658,915 or 17.79% due to increases in personnel costs and capital improvement projects.
- Water utility expenses increased $90,387 or 1.31% due to increased personnel costs.
- Stormwater utility expenses decreased $62,476 or 6.88% primarily due to a decrease in capital improvement projects.

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.

On December 31, 2025, the combined fund balance for governmental funds increased $20,180,751 or 36.04% to $76,170,570. Approximately 21% of this amount or $15,886,788 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, or assigned to indicate that it is (1) not in spendable form such as inventories of $296,949 or 0.30% and prepaid items of $1,882,778 or 2.47%, (2) restricted for particular purposes totaling $54,576,575 or 71.6%, and (3) assigned for particular purposes such as equipment, capital improvements or operation of the aquatic park, of $3,527,480 or 4.63%. 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 $16,365,383 represent the largest single source, comprising 35.06% of governmental fund revenue for the City. Taxes on retail sales in the amount of $14,486,311 are the next largest source of revenue at 31.03% of the City's revenues. Special assessments of $2,479,236 pay the debt service for infrastructure to serve various properties and represent 5.27% of the City's revenue in 2025. Franchise fees of $2,962,365 represent 6.35% of the revenue stream, followed by intergovernmental payments of $1,598,374 consisting of alcohol and transient guest taxes, and reimbursements which represent 3.42% of the revenue stream.

The General Fund is the chief operating fund of the City of Derby. At the end of 2025, the unassigned fund balance of the General Fund was $15,886,788. 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 62.4% of total General Fund expenditures, while the total fund balance represents 76.5% of that same

amount. This percentage is high due to capital projects that are planned in the near future and the assigned fund balance of $2,272,758.

The Debt Service Fund has a restricted fund balance of $1,760,190. The primary revenue source for this fund is special assessments, followed by ad valorem property taxes. Property taxes are levied to pay the debt associated with city-at-large improvements such as buildings and arterial roadways. The fund balance of the Debt Service Fund increased from $1,472,809 to $1,760,190 in 2025 due to a planned increase in reserve to pay for upcoming debt payments due to an increase in capital projects.

The Capital Projects Fund has a non-spendable fund balance of $864,087 and a restricted fund balance of $31,354,320. The primary source of revenue for the Capital Projects Fund is temporary financing to construct infrastructure which will be permanently financed with the issuance of long-term debt. The fund balance of the Capital Projects Fund increased by $14,502,021 at year-end 2025 due to temporary notes and bonds issued to construct infrastructure improvements in new subdivisions and bonds issued to pay for park improvements.

The STAR Bonds fund has a restricted fund balance of $11,393,306. The primary source of funding for the STAR Bonds Fund during the year was the issuance of a sales tax special obligation revenue bond.

The Derby Difference Sales Tax Fund has a restricted fund balance of $8,227,608. The primary source of revenue for the Derby Difference Sales Tax Fund is a one-cent city-wide retailer's sales tax, which became effective January 1, 2025. 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 restricted portion of the fund balance of $2,472,333 is restricted for parks and trails maintenance and capital improvements. The next largest restricted portion of $2,468,342 is restricted for library operations and is carryover from the prior sales tax which ended in 2024. The next largest restricted portion of $1,811,775 is restricted for public safety equipment and capital improvements. The smallest restricted portion of $1,475,158 is restricted for streets and sidewalks maintenance and capital improvements. The fund balance of the Derby Difference Sales Tax Fund increased by $3,080,290 as revenues exceed expenditures.

Nine funds make up the non-major funds, the largest of which is the Library Fund which funds salaries and partially funds the library operations.

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 2025 totals $15,577,560. 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 $6,509,526 from $56,537,111 to $63,046,637. The increase in net position is primarily due to contribution of capital assets to the utilities and higher operating income in all the utilities. Capital contributions consist of sanitary sewer, water lines and stormwater infrastructure to serve new residential subdivisions throughout the city including Village Lake, Sky Ridge, Foxfire, Meadowlark Landing and Oak Forest additions. Operating income in the utilities was higher as a result of higher sales due to rate increases to offset the cost of wholesale water and sewer, along with a bond issuance to fund sanitary sewer plant improvements and water tower coatings.

Beginning in 2012, the City established an internal service fund for partial self-funding of the City's health insurance program. At year-end 2025, the unrestricted net position of this Internal Service Fund was $894,762, an increase of $176,594, primarily due to the expense of insurance claims exceeding contributions by employees and the City.

Beginning in 2022, the City established an internal service fund for the management of fleet lease vehicles. At year-end 2025, the net position of the Internal Service Fund was ($36,778), a decrease of $86,481, due to the decrease in the number of leased vehicles.

General Fund Budgetary Highlights

Careful monitoring of expenditures and revenues allowed Derby to carry over $16,850,198 into 2026 (67.75% of expenditures), an increase of $2,963,696 over the prior year carryover. The increase in carryover occurred due to higher than anticipated revenues and lower than anticipated expenses from the 2025 revised operating budget, allowing Derby to enter 2026 with higher reserves than projected.

The largest budget variance in revenues is investment earnings of $629,974. Interest continued to hold steady through 2025, while the budget amount adopted in August 2024 anticipated a lowering of rates earlier in 2025. The next largest variance is sales tax of $363,906. Sales tax held steady in 2023-2024 with only slight increases but sales tax improved significantly in 2025, with growth over 5%. The negative budget variance in ad valorem property tax of $266,087 is due to an increase in delinquent property tax payments. Most of this amount is due to the hospital property, which sold in July 2026 and the delinquent tax balance should be received in 2026.

The two largest budget variances in expenditures are capital outlay of $7,782,477 and reserve of $4,126,127, which are the cash reserves for capital projects and operations in future years. The next largest variance is administration and operations of $1,143,578, mostly due to lower-than-expected personnel expenses and contractual savings.

The budget variances in law enforcement, fire, public works and planning and engineering were due to lower-than-expected payroll expenses. The variance in finance is due to higher than anticipated insurance claims.

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, 2025 was $219,136,234 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, construction in progress, right-to-use leased machinery and equipment, and subscription assets.

Major projects undertaken during 2025 were the infrastructure to serve Village Lake, Sky Ridge, Foxfire, Meadowlark Landing and Oak Forest additions. Improvements were made to the wastewater treatment plant and design work for a water treatment facility were also done in 2025.

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 35,789,461	$ 35,394,210	$ 933,607	$ 712,358	$ 36,723,068	$ 36,106,568
Water Rights	-	-	851,600	851,600	851,600	851,600
Construction in progress	23,834,991	5,615,593	16,559,571	10,671,970	40,394,562	16,287,563
Buildings and systems	21,208,608	22,120,777	4,949,790	4,000,069	26,158,398	26,120,846
Improvements	14,375,919	14,844,317	-	-	14,375,919	14,844,317
Infrastructure	60,790,441	63,362,852	30,540,460	26,596,606	91,330,901	89,959,458
Machinery and equipment	6,177,495	6,080,352	1,002,872	428,865	7,180,367	6,509,217
Right-to-use leased machinery and eq	1,564,461	453,138	169,931	160,953	1,734,392	614,091
Subscription assets	251,966	257,229	135,061	107,016	387,027	364,245
Total capital assets (net)	$ 163,993,342	$ 148,128,468	$ 55,142,892	$ 43,529,437	$ 219,136,234	$ 191,657,905

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

Debt Administration

At year-end, the City of Derby had $165,410,573 in bonds, notes, loan, leases payable, and subscriptions payable outstanding. This is an increase of $52,383,032 from $113,027,541 at the end of 2024. In 2025, $15,815,000 in temporary notes were issued to finance infrastructure in subdivisions throughout the City and the construction of a new senior center. Bonds totaling $50,710,000 were issued to fund City park improvements, City-at-large street projects, wastewater plant improvements, water tower improvements and to pay off a temporary note and provide long term financing for infrastructure in Sterling East, Meadowlark Landing, and Hendricks additions. The special assessment portion of the bonds will be paid with special assessment revenue paid by the property owners. More detailed information about the City's long-term liabilities is presented in Note 11 to the financial statements.

Table A-4
City of Derby Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 84,675,845	$ 52,826,744	$ 41,497,710	$ 24,877,221	$ 126,173,555	$ 77,703,965
Sales tax obligation bonds	9,424,190	11,608,481	-	-	9,424,190	11,608,481
Temporary notes	27,295,000	22,230,000	-	-	27,295,000	22,230,000
Revolving loan	-	-	546,638	622,884	546,638	622,884
Leases payable	1,617,302	456,126	155,366	164,567	1,772,668	620,693
Subscriptions payable	141,540	206,784	56,982	34,734	198,522	241,518
Total	$ 123,153,877	$ 87,328,135	$ 42,256,696	$ 25,699,406	$ 165,410,573	$ 113,027,541

The City's general obligation bond rating was upgraded to AA from AA- by Standard & Poor's in 2021, with a "stable outlook" and the management score of the City of "strong" and "very strong" reserves and liquidity.

ECONOMIC FACTORS

With over 600 businesses operating inside its boundaries, the City of Derby benefits from an ideal mix of service, retail, medical and manufacturing companies. More than 6,000 workers are employed at Derby firms ranging in size from 1 to 400, 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. Along with commercial development at K-15 and Patriot Avenue currently anchored by Lowe's and Kohl's, 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 and the nation's first KC-46A Pegasus operational base. Team McConnell is made up of the 22nd Air Refueling Wing, the 931st Air Refueling Wing (Air Force Reserve) and the 184th Intelligence Wing (Kansas Air National Guard).

Derby's Profile

- Median Age (2025) 38 years
- Median Household Income (2025) $86,055
- Average Household Income (2025) $105,250

- Average New Home Value (2025) $309,812
- Housing Units (2025) 11,114
- Unemployment (2025) 3.8%

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF DERBY, KANSAS
STATEMENT OF NET POSITION
December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Derby Public Library
Assets:				
Deposits and investments	$ 63,357,346	$ 51,600,745	$ 114,958,091	$ 265,436
Restricted cash and investments	11,393,306	-	11,393,306	-
Receivables (net of allowance for uncollectibles):				
Taxes	19,261,772	-	19,261,772	-
Special assessments	43,535,288	-	43,535,288	-
Accounts	394,804	1,196,804	1,591,608	-
Interest	744,157	799	744,956	-
Leases	2,189,528	645,958	2,835,486	-
Inventories	296,949	187,543	484,492	-
Prepaid items	1,882,778	-	1,882,778	33,295
Internal balances	156,580	(156,580)	-	-
Capital assets (net of accumulated depreciation and amortization, where applicable):				
Land	5,722,751	933,607	6,656,358	-
Land - right of way	30,066,710	-	30,066,710	-
Water Rights	-	851,600	851,600	-
Construction in progress	23,834,991	16,559,571	40,394,562	-
Buildings and systems	21,208,608	4,949,790	26,158,398	-
Improvements	14,375,919	-	14,375,919	1,285,565
Infrastructure	60,790,441	30,540,460	91,330,901	-
Machinery and equipment	6,177,495	1,002,872	7,180,367	248,972
Right-to-use leased machinery and equipment	1,564,461	169,931	1,734,392	8,814
Subscription assets	251,966	135,061	387,027	-
Total assets	307,205,850	108,618,161	415,824,011	1,842,082
Deferred outflows of resources:				
Deferred outflows - OPEB	802,710	40,090	842,800	-
Deferred outflows - pension	4,702,497	361,515	5,064,012	-
Total deferred outflows of resources	5,505,207	401,605	5,906,812	-
Liabilities:				
Accounts payable	3,530,511	1,262,372	4,792,883	30,890
Accrued payroll	788,083	51,204	839,287	-
Accrued interest payable	564,784	155,860	720,644	-
Noncurrent liabilities:				
Due within one year	16,756,082	1,341,397	18,097,479	8,990
Due in more than one year	129,115,075	42,427,534	171,542,609	-
Total liabilities	150,754,535	45,238,367	195,992,902	39,880
Deferred inflows of resources:				
Deferred receivable - property taxes	16,024,488	-	16,024,488	-
Deferred inflows - OPEB	1,377,763	67,309	1,445,072	-
Deferred inflows - pension	686,776	46,882	733,658	-
Deferred inflows - leases	2,058,164	620,571	2,678,735	-
Total deferred inflows of resources	20,147,191	734,762	20,881,953	-
Net position:				
Net investment in capital assets	89,055,093	47,625,657	136,680,750	1,534,361
Restricted for:				
Debt service	28,467,834	-	28,467,834	-
Capital projects and streets	1,852,074	-	1,852,074	-
Culture and recreation	14,263,519	-	14,263,519	-
Law enforcement	356,673	-	356,673	-
Fire	1,811,775	-	1,811,775	-
Library operations	2,579,576	-	2,579,576	-
Unrestricted	3,422,787	15,420,980	18,843,767	267,841
Total net position	$ 141,809,331	$ 63,046,637	$ 204,855,968	$ 1,802,202

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Derby Public Library
Primary government:								
Governmental activities:								
General government	$ 8,565,492	$ 1,371,668	$ 353,944	$ 812	$ (6,839,068)	$ -	$ (6,839,068)	$ -
Public safety	12,730,986	801,920	109,093	-	(11,819,973)	-	(11,819,973)	-
Public works	9,600,175	2,816,099	1,073,668	12,694,754	6,984,346	-	6,984,346	-
Culture and recreation	5,322,186	115,526	110,440	206,070	(4,890,150)	-	(4,890,150)	-
Economic development	1,382,386	-	-	-	(1,382,386)	-	(1,382,386)	-
Interest on long-term debt	4,376,215	-	-	-	(4,376,215)	-	(4,376,215)	-
Total governmental activities	41,977,440	5,105,213	1,647,145	12,901,636	(22,323,446)	-	(22,323,446)	-
Business-type activities:								
Sewer	4,363,777	3,922,728	-	13,441	-	(427,608)	(427,608)	-
Water	6,971,100	7,687,975	-	13,441	-	730,316	730,316	-
Stormwater	845,887	645,494	-	-	-	(200,393)	(200,393)	-
Total business-type activities	12,180,764	12,256,197	-	26,882	-	102,315	102,315	-
Total primary government	$ 54,158,204	$ 17,361,410	$ 1,647,145	$ 12,928,518	(22,323,446)	102,315	(22,221,131)	-
Component unit:								
Derby Public Library	$ 800,062	$ 157,258	$ 571,233	$ -				(71,571)
General revenues and transfers:								
General revenues:								
Property taxes					16,365,383	-	16,365,383	415,119
Sales taxes					14,486,311	-	14,486,311	-
Franchise taxes					2,962,365	-	2,962,365	-
Excise taxes					112,873	-	112,873	-
Gain on sale of capital assets					80,175	-	80,175	-
Unrestricted investment earnings					3,316,005	1,231,346	4,547,351	1,103
Transfers					(5,175,865)	5,175,865	-	-
Total general revenues and transfers					32,147,247	6,407,211	38,554,458	416,222
Change in net position					9,823,801	6,509,526	16,333,327	344,651
Net position, beginning of year, as originally reported					131,985,530	55,685,511	187,671,041	1,457,551
Change in financial reporting entity					-	851,600	851,600	-
Net position, beginning of year, as restated					131,985,530	56,537,111	188,522,641	1,457,551
Net position, end of year					$ 141,809,331	$ 63,046,637	$ 204,855,968	$ 1,802,202

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	Major Funds					Total	Total
	General*	Debt Service	Capital Projects	STAR Bonds	Derby Difference Sales Tax	Nonmajor Funds	Governmental Funds
Assets:							
Deposits and investments	$ 16,658,435	$ 1,622,278	$ 33,827,698	$ -	$ 6,699,308	$ 3,206,396	$ 62,014,115
Restricted cash and investments	-	-	-	11,393,306	-	-	11,393,306
Receivables (net of allowance for uncollectibles):							
Taxes	13,975,109	2,047,743	-	-	1,571,558	1,667,362	19,261,772
Special assessments	-	43,535,288	-	-	-	-	43,535,288
Accounts	386,732	-	-	-	-	8,072	394,804
Interest	737,609	6,548	-	-	-	-	744,157
Leases	-	2,189,528	-	-	-	-	2,189,528
Inventories	296,949	-	-	-	-	-	296,949
Prepaid items	1,018,691	-	864,087	-	-	-	1,882,778
Total assets	$ 33,073,525	$ 49,401,385	$ 34,691,785	$ 11,393,306	$ 8,270,866	$ 4,881,830	$ 141,712,697
Liabilities:							
Accounts payable	$ 461,583	$ -	$ 2,473,378	$ -	$ 43,258	$ 157,885	$ 3,136,104
Accrued payroll	788,083	-	-	-	-	-	788,083
Total liabilities	1,249,666	-	2,473,378	-	43,258	157,885	3,924,187
Deferred inflows of resources:							
Unavailable revenue - property taxes	12,348,673	2,047,743	-	-	-	1,628,072	16,024,488
Unavailable revenue - special assessments	-	43,535,288	-	-	-	-	43,535,288
Unavailable revenue - leases	-	2,058,164	-	-	-	-	2,058,164
Total deferred inflows of resources	12,348,673	47,641,195	-	-	-	1,628,072	61,617,940
Fund balances:							
Nonspendable:							
Inventories	296,949	-	-	-	-	-	296,949
Prepaid items	1,018,691	-	864,087	-	-	-	1,882,778
Restricted:							
Capital projects	-	-	31,354,320	-	-	-	31,354,320
Substance abuse prevention	-	-	-	-	-	313,739	313,739
Culture and recreation	-	-	-	11,393,306	2,472,333	397,880	14,263,519
Crime prevention	-	-	-	-	-	42,934	42,934
Fire	-	-	-	-	1,811,775	-	1,811,775
Library operations	-	-	-	-	2,468,342	111,234	2,579,576
Debt service	-	1,760,190	-	-	-	-	1,760,190
Streets and sidewalks	-	-	-	-	1,475,158	975,364	2,450,522
Assigned:							
Senior activities	38,320	-	-	-	-	-	38,320
Equipment purchases	375,522	-	-	-	-	-	375,522
Capital improvements	1,848,916	-	-	-	-	-	1,848,916
Library operations	-	-	-	-	-	17,834	17,834
Aquatic park operations	-	-	-	-	-	1,236,888	1,236,888
Other purposes	10,000	-	-	-	-	-	10,000
Unassigned	15,886,788	-	-	-	-	-	15,886,788
Total fund balances	19,475,186	1,760,190	32,218,407	11,393,306	8,227,608	3,095,873	76,170,570
Total liabilities, deferred inflows of resources, and fund balances	$ 33,073,525	$ 49,401,385	$ 34,691,785	$ 11,393,306	$ 8,270,866	$ 4,881,830	$ 141,712,697

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

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2025

Total fund balances - governmental funds			$ 76,170,570
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.			163,868,629
Other long-term assets are not available to pay for current expenditures and therefore are reported as unavailable in the funds.			43,535,288
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 outflows - OPEB	$ 802,710		
Deferred outflows - pension	4,702,497		5,505,207
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			(146,220,388)
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 inflows - OPEB	(1,377,763)		
Deferred inflows - pension	(686,776)		(2,064,539)
Internal service funds are used by management to charge the cost of health insurance from the City's self-insured health plan as well as to manage a fleet of vehicles. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			1,014,564
Net position of governmental activities			$ 141,809,331

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, 2025

	Major Funds					Total	Total
	General*	Debt Service	Capital Projects	STAR Bonds	Derby Difference Sales Tax	Nonmajor Funds	Governmental Funds
Revenues:							
Taxes:							
Property	$ 12,661,262	$ 2,061,866	$ -	$ -	$ -	$ 1,642,255	$ 16,365,383
Excise	87,830	13,843	-	-	-	11,200	112,873
Sales	6,491,186	-	-	-	7,995,125	-	14,486,311
Franchise	2,674,805	-	-	-	-	287,560	2,962,365
Special assessments	-	2,459,236	20,000	-	-	-	2,479,236
Intergovernmental	300,860	-	-	-	-	1,297,514	1,598,374
Licenses and permits	641,867	-	-	-	-	-	641,867
Charges for services	446,474	-	-	-	-	31,148	477,622
Fines and fees	777,947	-	-	-	-	-	777,947
Investment earnings	2,629,974	207,099	-	478,920	-	13	3,316,006
Other	694,315	443,103	-	2,235,845	42,438	47,730	3,463,431
Total revenues	27,406,520	5,185,147	20,000	2,714,765	8,037,563	3,317,420	46,681,415
Expenditures:							
Current:							
General government	5,879,929	-	-	-	249,417	1,683,437	7,812,783
Public works	4,629,993	-	-	-	16,055	356,539	5,002,587
Public safety	11,381,408	-	-	-	-	-	11,381,408
Culture and recreation	2,353,626	-	-	-	-	288,515	2,642,141
Economic development	696,356	-	-	680,212	-	-	1,376,568
Debt service:	-					-	
Principal	129,745	3,872,754	10,750,000	2,206,000	241,194	-	17,199,693
Interest and fiscal charges	8,746	2,225,258	1,078,668	555,200	835	-	3,868,707
Debt issuance costs	-	-	799,883	-	-	-	799,883
Capital outlay	393,811	-	23,313,632	-	5,667,153	796,847	30,171,443
Total expenditures	25,473,614	6,098,012	35,942,183	3,441,412	6,174,654	3,125,338	80,255,213
Excess (deficiency) of revenues over (under) expenditures	1,932,906	(912,865)	(35,922,183)	(726,647)	1,862,909	192,082	(33,573,798)
Other financing sources (uses):							
Transfers in	774,000	1,200,246	-	-	-	-	1,974,246
Transfers out	-	-	(1,550,246)	-	(300,000)	-	(1,850,246)
Sale of general capital assets	80,415	-	-	-	-	-	80,415
Issuance of leases	10,046	-	-	-	1,442,588	-	1,452,634
Issuance of subscriptions	48,257	-	-	-	74,793	-	123,050
General obligation bonds issued	-	-	33,692,439	-	-	-	33,692,439
Premium on general obligation bonds issued	-	-	2,467,011	-	-	-	2,467,011
Temporary notes issued	-	-	15,815,000	-	-	-	15,815,000
Total other financing sources (uses)	912,718	1,200,246	50,424,204	-	1,217,381	-	53,754,549
Net change in fund balances	2,845,624	287,381	14,502,021	(726,647)	3,080,290	192,082	20,180,751
Fund balances, beginning of year	16,629,562	1,472,809	17,716,386	12,119,953	5,147,318	2,903,791	55,989,819
Fund balances, end of year	$ 19,475,186	$ 1,760,190	$ 32,218,407	$ 11,393,306	$ 8,227,608	$ 3,095,873	$ 76,170,570

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

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Net change in fund balances - total governmental funds	$ 20,180,751
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	24,231,998
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, disposals, and donations).	(8,198,588)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	10,215,518
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.	(36,350,440)
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.	(340,408)
Internal service funds are used by management to charge the costs of health insurance from the City's self-insured health plan and the vehicle fleet to individual funds. The change in net position of the internal service funds is reported with governmental activities.	84,970
Change in net position of governmental activities	$ 9,823,801

(Continued)

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem property	$ 11,730,963	$ 11,464,876	$ (266,087)
Delinquent	65,000	97,422	32,422
Motor vehicle	1,008,317	1,098,964	90,647
Excise	65,000	87,830	22,830
Sales	6,127,280	6,491,186	363,906
Franchise	2,624,090	2,674,805	50,715
Intergovernmental	299,562	300,860	1,298
Licenses and permits	651,370	641,867	(9,503)
Charges for services	476,459	446,474	(29,985)
Fines and fees	771,407	777,947	6,540
Investment earnings	2,000,000	2,629,974	629,974
Other	453,436	684,085	230,649
Total revenues	26,272,884	27,396,290	1,123,406
Expenditures:			
Administration and operations	4,386,978	3,243,400	1,143,578
Employee benefits	-	2,180	(2,180)
Law enforcement	7,145,070	6,786,349	358,721
Finance	930,081	1,129,267	(199,186)
Fire	5,084,515	4,569,003	515,512
Planning and engineering	1,977,915	1,755,020	222,895
Public works	6,736,319	6,499,528	236,791
Liability insurance	471,634	414,459	57,175
Equipment	-	87,545	(87,545)
Capital outlay	7,825,000	42,523	7,782,477
Principal payments	-	129,745	(129,745)
Interest charges	-	8,746	(8,746)
Reimbursable	200,000	169,033	30,967
Reserve	4,126,127	-	4,126,127
Miscellaneous	75,000	2,897	72,103
Total expenditures	$ 38,958,639	$ 24,839,695	$ 14,118,944

(Continued)

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
(Continued)
Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Excess (deficiency) of revenues over (under) expenditures	$ (12,685,755)	$ 2,556,595	$ 15,242,350
Other financing sources (uses):			
Transfers in	350,000	474,000	124,000
Transfers out	(500,000)	(175,000)	325,000
Sale of general capital assets	-	80,415	80,415
Issuance of leases	-	10,046	10,046
Issuance of subscriptions	-	48,257	48,257
Total other financing sources (uses)	(150,000)	437,718	587,718
Net change in fund balance	(12,835,755)	2,994,313	15,830,068
Fund balance, beginning of year	12,835,755	13,845,885	1,010,130
Fund balance, end of year	$ -	16,840,198	$ 16,840,198
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		10,000	
Fund balance on the basis of GAAP - General Fund only		16,850,198	
Fund balance for separately budgeted fund included with the General Fund on GAAP basis financials:			
Derby Senior Activity Board		38,320	
Fund balances (deficit) for non-budgeted funds included with the General Fund on GAAP basis financials:			
Payroll		(656,461)	
Equipment Reserve		1,394,213	
Capital Improvement Reserve		1,848,916	
		$ 19,475,186	

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Sales tax	$ 7,706,285	$ 6,986,413	$ 7,995,125	$ 1,008,712
Investment earnings	-	42,438	42,438	-
Total revenues	7,706,285	7,028,851	8,037,563	1,008,712
Expenditures:				
Contractual	450,530	480,188	264,218	215,970
Commodities	4,500	4,500	1,254	3,246
Capital outlay	4,723,696	5,368,331	6,325,502	(957,171)
Debt service:				
Principal	-	-	241,194	(241,194)
Interest and fiscal charges	-	-	835	(835)
Total expenditures	5,178,726	5,853,019	6,833,003	(979,984)
Excess of revenues over expenditures	2,527,559	1,175,832	1,204,560	28,728
Other financing sources (uses):				
Transfers out	-	(300,000)	(300,000)	-
Issuance of leases	-	-	1,442,588	1,442,588
Issuance of subscriptions	-	-	74,793	74,793
Total other financing sources (uses)	-	(300,000)	1,217,381	1,517,381
Net change in fund balance	2,527,559	875,832	2,421,941	1,546,109
Fund balance, beginning of year	3,736,784	5,116,843	5,147,318	30,475
Fund balance, end of year	$ 6,264,343	$ 5,992,675	7,569,259	$ 1,576,584
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			658,349	
Fund balance on the basis of GAAP			$ 8,227,608	

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2025

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Funds
Assets:					
Current assets:					
Deposits and investments	$ 38,272,037	$ 11,302,931	$ 2,025,777	$ 51,600,745	$ 1,343,231
Accounts receivable (net of allowance for uncollectibles)	383,435	732,993	80,376	1,196,804	-
Interest receivable	-	799	-	799	-
Lease receivable	-	645,958	-	645,958	-
Inventories	-	187,543	-	187,543	-
Total current assets	38,655,472	12,870,224	2,106,153	53,631,849	1,343,231
Noncurrent assets:					
Capital assets:					
Land	48,777	884,830	-	933,607	-
Water rights	-	851,600	-	851,600	
Construction in progress	14,442,050	1,744,846	372,675	16,559,571	-
Buildings and systems	9,853,096	5,669,330	-	15,522,426	-
Infrastructure	28,097,873	24,888,647	20,336,300	73,322,820	-
Machinery and equipment	1,949,377	1,041,551	127,650	3,118,578	-
Right-to-use leased machinery and equipment	-	180,632	-	180,632	435,501
Subscription assets	122,735	101,797	29,491	254,023	-
Accumulated depreciation and amortization	(24,477,176)	(23,167,570)	(7,955,619)	(55,600,365)	(310,788)
Total noncurrent assets	30,036,732	12,195,663	12,910,497	55,142,892	124,713
Total assets	68,692,204	25,065,887	15,016,650	108,774,741	1,467,944
Deferred outflows of resources:					
Deferred outflows - OPEB	24,518	15,572	-	40,090	-
Deferred outflows - pension	162,804	159,540	39,171	361,515	-
Total deferred outflows of resources	187,322	175,112	39,171	401,605	-
Liabilities:					
Current liabilities:					
Accounts payable	57,258	1,204,805	309	1,262,372	394,407
Accrued payroll	20,683	23,512	7,009	51,204	-
Accrued interest payable	144,100	7,906	3,854	155,860	212
Current portion of compensated absences	35,537	34,992	-	70,529	-
Current portion of revolving loan	78,241	-	-	78,241	-
Current portion of general obligation bonds	647,826	433,109	79,224	1,160,159	-
Current portion of leases payable	-	4,321	-	4,321	199,142
Current portion of subscriptions payable	12,063	12,063	4,021	28,147	-
Total current liabilities	995,708	1,720,708	94,417	2,810,833	593,761
Noncurrent liabilities:					
Compensated absences	9,301	24,588	-	33,889	-
Revolving loan	468,397	-	-	468,397	-
General obligation bonds, net	38,214,657	1,269,626	853,268	40,337,551	-
Leases payable	-	151,045	-	151,045	16,199
Subscriptions payable	12,358	12,358	4,119	28,835	-
Total OPEB liability	43,340	27,527	-	70,867	-
Net pension liability	602,080	590,009	144,861	1,336,950	-
Total noncurrent liabilities	39,350,133	2,075,153	1,002,248	42,427,534	16,199
Total liabilities	40,345,841	3,795,861	1,096,665	45,238,367	609,960
Deferred inflows of resources:					
Deferred inflows - leases	-	620,571	-	620,571	-
Deferred inflows - OPEB	41,164	26,145	-	67,309	-
Deferred inflows - pension	21,113	20,690	5,079	46,882	-
Total deferred inflows of resources	62,277	667,406	5,079	734,762	-
Net position:					
Net investment in capital assets	24,588,520	11,067,272	11,969,865	47,625,657	(90,628)
Unrestricted	3,882,888	9,710,460	1,984,212	15,577,560	948,612
Total net position	$ 28,471,408	$ 20,777,732	$ 13,954,077	63,203,217	$ 857,984
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time.				(156,580)	
Net position of business-type activities				$ 63,046,637	

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, 2025

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Funds
Operating revenues:					
Charges for sales and services	$ 3,919,597	$ 7,663,294	$ 645,494	$ 12,228,385	$ 3,104,240
Miscellaneous	3,131	24,681	-	27,812	-
Total operating revenues	3,922,728	7,687,975	645,494	12,256,197	3,104,240
Operating expenses:					
Personnel	989,656	1,027,867	284,015	2,301,538	2,802,646
Contractual	803,944	5,224,913	72,189	6,101,046	27,264
Supplies	214,113	83,274	1,319	298,706	-
Utilities	359,835	30,932	-	390,767	-
Depreciation and amortization	858,364	548,735	450,905	1,858,004	146,228
Total operating expenses	3,225,912	6,915,721	808,428	10,950,061	2,976,138
Operating income (loss)	696,816	772,254	(162,934)	1,306,136	128,102
Nonoperating revenues (expenses):					
Interest revenue	816,798	414,548	-	1,231,346	-
Interest expense	(979,535)	(41,549)	(39,053)	(1,060,137)	(9,449)
Intergovernmental	13,441	13,441	-	26,882	-
Loss on disposal of property	(15,756)	(1,583)	(1,990)	(19,329)	(28,540)
Bond issuance cost	(168,194)	(7,515)	-	(175,709)	-
Total nonoperating revenues (expenses)	(333,246)	377,342	(41,043)	3,053	(37,989)
Income (loss) before other financing sources (uses)	363,570	1,149,596	(203,977)	1,309,189	90,113
Other financing sources (uses):					
Transfers out	(15,000)	(109,000)	-	(124,000)	-
Capital contributions	3,231,048	918,147	1,169,999	5,319,194	-
Total other financing sources (uses)	3,216,048	809,147	1,169,999	5,195,194	-
Change in net position	3,579,618	1,958,743	966,022	6,504,383	90,113
Net position, beginning of year, as originally reported	24,891,790	17,967,389	12,988,055	55,847,234	767,871
Change in financial reporting entity	-	851,600	-	851,600	-
Net position, beginning of year, as restated	24,891,790	18,818,989	12,988,055	56,698,834	767,871
Net position, end of year	$ 28,471,408	$ 20,777,732	$ 13,954,077	$ 63,203,217	$ 857,984
Change in net position				$ 6,504,383	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.				5,143	
Change in net position of business-type activities				$ 6,509,526	

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2025

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	$ 4,018,201	$ 7,832,833	$ 684,590	$ 12,535,624	$ 3,104,240
Other receipts	3,131	23,882	-	27,013	-
Payments to suppliers	(2,314,280)	(4,647,980)	(796,274)	(7,758,534)	(27,264)
Payments to employees for salaries and benefits	(1,048,145)	(1,037,942)	(288,620)	(2,374,707)	(2,832,639)
Net cash from operating activities	658,907	2,170,793	(400,304)	2,429,396	244,337
Cash flows from noncapital financing activities:					
Transfers to other funds	(15,000)	(109,000)	-	(124,000)	-
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(5,559,950)	(2,759,226)	(66,995)	(8,386,171)	-
Intergovernmental revenue	13,441	13,441	-	26,882	-
Cash received on disposal of capital assets	176,872	124,212	-	301,084	-
Payments on loan	(76,246)	-	-	(76,246)	-
Proceeds from general obligation bonds issued	16,355,000	662,561	-	17,017,561	-
Proceeds from bond premiums issued	493,705	83,612	-	577,317	-
Principal paid on general obligation debt	(377,161)	(411,142)	(73,943)	(862,246)	-
Interest and bond issuance costs paid on debt	(1,160,241)	(83,905)	(47,267)	(1,291,413)	(15,970)
Principal paid on leases	-	(9,201)	-	(9,201)	(108,813)
Principal paid on subscriptions	(30,422)	(26,080)	(7,772)	(64,274)	-
Net cash from capital and related financing activities	9,834,998	(2,405,728)	(195,977)	7,233,293	(124,783)
Cash flows from investing activities:					
Interest received	816,798	414,548	-	1,231,346	-
Net change in cash and cash equivalents	11,295,703	70,613	(596,281)	10,770,035	119,554
Cash and cash equivalents, beginning of year	26,976,334	11,232,318	2,622,058	40,830,710	1,223,677
Cash and cash equivalents, end of year	$ 38,272,037	$ 11,302,931	$ 2,025,777	$ 51,600,745	$ 1,343,231

(Continued)

CITY OF DERBY, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
Year Ended December 31, 2025

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	$ 696,816	$ 772,254	$ (162,934)	$ 1,306,136	$ 128,102
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Items not requiring cash:					
Depreciation and amortization	858,364	548,735	450,905	1,858,004	146,228
Changes in:					
Accounts receivable	98,604	169,539	39,096	307,239	-
Prepaid items	-	3,362	-	3,362	-
Interest receivable	-	(799)	-	(799)	-
Leases receivable	-	(645,958)	-	(645,958)	-
Inventories	-	(157,564)	-	(157,564)	-
Deferred outflows - OPEB	2,166	1,456	-	3,622	-
Deferred outflows - pension	15,686	3,270	2,069	21,025	-
Accounts payable	(936,388)	870,728	(722,766)	(788,426)	(29,993)
Accrued expenses	(39,568)	(40,236)	(9,293)	(89,097)	-
Compensated absences	(22,913)	(3,765)	-	(26,678)	-
Total OPEB liability	(2,188)	(1,526)	-	(3,714)	-
Net pension liability	(34,693)	9,174	(2,264)	(27,783)	-
Deferred inflows - leases	-	19,917	-	19,917	-
Deferred inflows - OPEB	2,756	620,571	-	623,327	-
Deferred inflows - pension	20,265	1,635	4,883	26,783	-
Net cash from operating activities	$ 658,907	$ 2,170,793	$ (400,304)	$ 2,429,396	$ 244,337

Contributions of capital assets of $ 3,231,048; $ 918,147; and $ 1,169,999 were acquired in the sewer fund, water fund, and the stormwater fund, respectively, from other governmental funds. Subscription assets of $ 37,081; $ 37,081 and $ 12,360 were acquired through subscriptions payable in the sewer fund, water fund and and stormwater fund, respectively.

See accompanying notes to basic financial statements.

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.

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, was income tax-exempt. Although the Company was a legally separate organization, the City was financially accountable for the component unit. In addition, the Company's governing body was substantially the same as the governing body of the City. The financial statements of the Company had been included as a blended component unit with the City's Water reporting entity as a proprietary fund. In October 2025, the City Council, as sole stockholder of the Company, approved a resolution dissolving the Company. Upon dissolution, all assets remaining after payment of the Company's liabilities were distributed to the City. The activities of the former El Paso Water Company are now part of the operating activities of the Water Fund effective January 1, 2025. As a result of the dissolution of the Company the City acquired water rights valued at $ 851,600 not previously recorded under Financial Accounting Standards Board standards. Under Governmental Accounting Standards Board statements, these water rights were recorded on the City's books, effective January 1, 2025. The effect was an increase in capital assets and net position of $ 851,600 in the Water Fund and Business-type activities. There was no impact to change in net position as a result of the addition of the water rights.

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The STAR bonds fund accounts for the City's STAR bond activity, including the related capital projects and debt service.

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 internal service funds to report any activity that provides goods or services to other funds of the City.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and stormwater 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, repurchase agreements, which are overnight instruments and are recorded at cost due to the short-term nature of the agreements, and U.S. Treasury notes which are recorded at fair value. Investment earnings, including interest income, are allocated based on management discretion and upon their average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the general fund.

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

Cash Flows Statement

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

Receivables and Payables

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2025, an allowance for uncollectible receivables of $ 1,098,183 has been recorded related to court receivables.

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	$	12,348,673
Debt service fund property tax receivable		2,047,743
Nonmajor funds property tax receivable		1,628,072
Debt service fund special assessments receivable		43,535,288
Debt service fund leases receivable		2,058,164
	$	61,617,940

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, 2024 upon which the 2025 levy was based was $ 338,251,544.

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1 of each year. Property owners have the option of paying one-half of the full amount of the taxes

levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the following year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The Sedgwick County Treasurer is the tax collection agent for all taxing entities within the County. Property taxes levied in prior years that remain uncollected are recorded as receivables, net of estimated uncollectibles.

Inventories and Prepaid Items

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

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

Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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.

The City acquired water rights valued at $ 851,600, which are reported in the water fund and business-type activities column in the government wide financial statements as a capital asset. The water rights are considered to have an indefinite life. As a result, no amortization is taken on the them.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets 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 two items that qualify for reporting in this category. *Deferred outflows for pension and other postemployment benefits (OPEB)* are reported in the government-wide and proprietary fund financial statements. See Note 8 and Note 9 for more information on the deferred outflows for the pension and OPEB plans, respectively.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets 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. *Unavailable revenue* is reported in the governmental funds from three sources: property taxes, special assessments, and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide statements report four items, *deferred receivable for property taxes*, *deferred inflows for pension, deferred inflows for OPEB*, and *deferred inflows for leases*. See Note 8 and Note 9 for more information on the deferred inflows for the pension and OPEB plans, respectively. See Note 5 for more information on the deferred inflows for leases.

Leases

Lessee: The City is a lessee for leases pertaining to machinery and equipment. The City recognizes a lease payable and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease payable at the present value of payments expected to be made during the lease term. Subsequently, the lease payable is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease payable, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease payable are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

Lease assets are reported with other capital assets and leases payable are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for leases of buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscriptions Payable

The City has entered into various subscription-based information technology agreements. The City recognizes a subscription payable and an intangible right-to-use subscription asset in the government-wide and proprietary fund financial statements.

At the commencement of a subscription, the City initially measures the subscription payable at the present value of subscription payments expected to be made during the subscription term. Subsequently, the subscription payable is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription payable, adjusted for payments made at commencement, initial implementation costs, and any incentives received. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) contract terms, and (3) contract payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The contract term includes the noncancellable period of the subscription. Contract payments included in the measurement of the subscription payable are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription assets and payables if certain changes occur that are expected to significantly affect the amount of the subscription payables.

Subscription assets are reported with amortized assets and subscriptions payable are reported with current and noncurrent liabilities on the statement of net position.

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. The government-wide and proprietary funds basic financial statements recognize liabilities for accrued compensated absences for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability is also recognized for leave that has been used but not yet paid in cash or settled through noncash means. In the governmental fund financial statements, a liability is accrued for the amount that normally would be liquidated with expendable available resources.

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 the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2025, 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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

Concentrations of Credit Risk

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

Use of Estimates

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

Implementation of New Accounting Standards

During the year, the City adopted the following accounting standard:

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. That objective is achieved by assessing whether a concentration or constraint makes the primary government reporting units vulnerable to the risk of substantial impact.

Pending Governmental Accounting Standards Board Statements

At December 31, 2025, 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. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement will become effective for the City in the fiscal year ended December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and additional disclosures for capital assets held for sale. The requirements of this Statement will become effective for the City in the fiscal year ended December 31, 2026.

GASB Statement No. 105, *Subsequent Events* – The objective of this Capitalize statement is to improve the financial reporting requirements for subsequent events, thereby enhancing the consistency in their application and better meeting the information needs of financial statement users. This statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this statement are effective for the City in the fiscal year ending December 31, 2027.

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 $ (146,220,388) difference are as follows:

General obligation bonds	$	(49,402,777)
Special assessment debt with government commitments		(30,368,363)
Plus: Issuance premiums		(4,916,934)
Less: Issuance discounts		12,229
Sales tax special obligation revenue bonds		(9,786,000)
Less: Issuance discounts		361,810
Temporary notes		(27,295,000)
Leases payable		(1,401,961)
Subscriptions payable		(141,540)
Compensated absences		(2,339,992)
Total OPEB liability		(1,456,818)
Net pension liability		(18,920,470)
Accrued interest payable		(564,572)
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	$	(146,220,388)

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 $ 24,231,998 difference are as follows:

Capital outlay	$	30,171,443
Depreciation and amortization expense		(5,939,445)
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	$	24,231,998

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 $ (36,350,440) difference are as follows:

Debt issued or incurred:		
General obligation bonds	$	(26,582,439)
Special assessment debt with government commitment		(7,110,000)
Plus: Issuance premiums		(2,467,011)
Temporary notes		(15,815,000)
Leases payable		(1,452,634)
Subscriptions payable		(123,050)
Principal repayments:		
General obligation bonds		2,089,048
Special assessment debt with government commitment		1,783,706
Sales tax special obligation revenue bonds		2,206,000
Temporary notes		10,750,000
Leases payable		182,646
Subscriptions payable		188,294
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	$	(36,350,440)

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 $ (340,408) difference are as follows:

Compensated absences	$	135,258
Accrued interest		(114,061)
Amortization of bond discounts		(22,384)
Amortization of bond premiums		438,270
OPEB contributions		(57,361)
Pension contributions		(720,130)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	(340,408)

3 - Stewardship, Compliance, and Accountability

Budgetary Information

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

The statutes provide for the following sequence and timetable in adoption of the legal annual operating budget:

a. Preparation of the budget for the succeeding calendar year on or before August 1st.
b. Publication in a local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
c. Public hearing on or before August 15th but at least ten days after publication of notice of hearing.
d. Adoption of final budget on or before August 25th.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The municipality did hold a revenue neutral rate hearing for this year.

Kansas statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. There was an amendment for fiscal year 2025 in the Derby Difference sales tax fund.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

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

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

Compliance Violation

Expenditures in the Derby Difference sales tax fund exceeded the adopted budgeted for the year ended December 31, 2025, which is a violation of a K.S.A. 79-2935.

4 - Deposits and Investments

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Kansas statutes require that deposits of the City and the Library be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At December 31, 2025, the carrying amounts of the City's deposits were $ 113,314,803 and the bank balances totaled $ 113,756,687. Of the bank balances, $ 70,329,351 was secured by federal deposit insurance, $ 17,013,477 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the City's name, $ 12,205,544 was held in overnight repurchase agreement accounts, and $ 14,208,315 was unsecured.

As of December 31, 2025, the carrying amount of the Library's deposits was $ 265,436, and the bank balance was $ 293,593. Of the bank balance, $ 250,000 was secured by federal deposit insurance and $ 43,593 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the City's name.

Investments

As of December 31, 2025, the City had the following investments:

Investment Type	Fair Value	Maturity	Rating
Money market mutual funds	$ 11,072,050	< 1 year	Not rated
U.S. Treasury notes	1,964,544	< 1 year	AAA
	$ 13,036,594		

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.

Some of the City's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation, repurchase agreements collateralized by direct obligations of the United States government or any agency thereof, investment agreements with a financial institution, which at the time of investment are rated in either of the three highest rating categories by Moody's Investors Service or Standard and Poors Corporation, investments in shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities in direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or Federal Home Loan Mortgage Corporation, receipts evidencing ownership interests in securities or portions thereof in direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation, and municipal bonds or other obligations issued by a municipality of the State of Kansas. K.S.A. 10-131 prohibits investment in derivatives.

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, 2025 consisted entirely of money market mutual funds and U.S. Treasury notes.

Custodial Credit Risk

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

Interest Rate Risk

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

Fair Value Measurement – The City categorizes its fair value measurements 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.

At December 31, 2025, the City's investments were categorized within the fair value hierarchy as follows:

Investment Type	Fair Value	Fair Value Measured at Report Date Using Level 1	Level 2	Level 3
Money market mutual funds	$ 11,072,050	$ 11,072,050	$ -	$ -
U.S. Treasury notes	1,964,544	-	1,964,544	-
	$ 13,036,594	$ 11,072,050	$ 1,964,544	$ -

5 - Leases Receivable

The City, as a lessor, has entered into various lease agreements involving buildings. Lease terms and balances as of December 31, 2025 are as summarized below:

On September 1, 2022, the City entered into a 120-month lease as lessor for the use of the Derby Recreation Center facility. An initial lease receivable was recorded in the amount of $ 2,338,960. The lessee is required to make semi-annual fixed payments of $ 41,400. The lease has an interest rate of 2.9270%.	$ 1,690,280
On January 1, 2022, the City entered into an 85-month lease as lessor for the use of the Hubbard Arts Center facility. An initial lease receivable was recorded in the amount of $ 1,139,677. The lessee is required to make semi-annual fixed payments of $ 32,150. The lease has an interest rate of 0.9780%.	499,248
On January 2022, the City entered into a 238 month lease as lessor for the use of Verizon Tower. An initial lease receivable was recorded in the amount of $ 558,586. The lessee is required to make monthly fixed payments of $ 2,500. The lease has an interest rate of 1.5300%.	469,394
On March 17, 2025, the City entered into a 60-month lease as lessor for the use of Towers. An initial lease receivable was recorded in the amount of $ 207,357. The lessee is required to make monthly fixed payments of $ 3,500. The lease has an interest rate of 2.9250%.	176,564
Total leases receivable	$ 2,835,486

Also, the City has a deferred inflow of resources associated with its leases that will be recognized as revenue over the lease terms. As of December 31, 2025, the balance of the deferred inflow of resources was $ 2,678,735. The City recognized lease revenue of $ 454,981 during the year ended December 31, 2025.

6 - Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 5,327,500	$ 395,251	$ -	$ 5,722,751
Land - right of way	30,066,710	-	-	30,066,710
Construction in progress	5,615,593	24,085,263	(5,865,865)	23,834,991
Total capital assets not being depreciated	41,009,803	24,480,514	(5,865,865)	59,624,452
Capital assets being depreciated and amortized:				
Buildings and systems	35,650,908	-	-	35,650,908
Improvements	18,950,539	-	-	18,950,539
Infrastructure	141,673,311	546,671	-	142,219,982
Machinery and equipment	16,915,490	1,196,179	(609,137)	17,502,532
Right-to-use leased machinery and equipment	710,654	1,452,634	(76,228)	2,087,060
Subscription assets	466,811	200,614	(102,993)	564,432
Total capital assets being depreciated and amortized	214,367,713	3,396,098	(788,358)	216,975,453
Less accumulated depreciation and amortization for:				
Buildings and systems	(13,530,131)	(912,169)	-	(14,442,300)
Improvements	(4,106,222)	(468,398)	-	(4,574,620)
Infrastructure	(78,310,459)	(3,119,082)	-	(81,429,541)
Machinery and equipment	(10,835,138)	(1,061,148)	571,249	(11,325,037)
Right-to-use leased machinery and equipment	(257,516)	(318,999)	53,916	(522,599)
Subscription assets	(209,582)	(205,877)	102,993	(312,466)
Total accumulated depreciation and amortization	(107,249,048)	(6,085,673)	728,158	(112,606,563)
Total capital assets being depreciated, net	107,118,665	(2,689,575)	(60,200)	104,368,890
Governmental activities capital assets, net	$ 148,128,468	$ 21,790,939	$ (5,926,065)	$ 163,993,342

	Beginning Balance as restated	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 712,358	$ 221,249	$ -	$ 933,607
Water rights	851,600	-	-	851,600
Construction in progress	10,671,970	12,758,590	(6,870,989)	16,559,571
Total capital assets not being depreciated	12,235,928	12,979,839	(6,870,989)	18,344,778
Capital assets being depreciated and amortized:				
Buildings and systems	14,341,779	1,311,492	(130,845)	15,522,426
Infrastructure	67,912,520	5,410,300	-	73,322,820
Machinery and equipment	2,450,920	674,126	(6,468)	3,118,578
Right-to-use leased machinery and equipment	169,424	11,208	-	180,632
Subscription assets	167,501	86,522	-	254,023
Total capital assets being depreciated and amortized	85,042,144	7,493,648	(137,313)	92,398,479
Less accumulated depreciation and amortization for:				
Buildings and systems	(10,341,710)	(230,926)	-	(10,572,636)
Infrastructure	(41,315,914)	(1,466,446)	-	(42,782,360)
Machinery and equipment	(2,022,055)	(99,925)	6,274	(2,115,706)
Right-to-use leased machinery and equipment	(8,471)	(2,230)	-	(10,701)
Subscription assets	(60,485)	(58,477)	-	(118,962)
Total accumulated depreciation and amortization	(53,748,635)	(1,858,004)	6,274	(55,600,365)
Total capital assets being depreciated, net	31,293,509	5,635,644	(131,039)	36,798,114
Business-type activities capital assets, net	$ 43,529,437	$ 18,615,483	$ (7,002,028)	$ 55,142,892

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

Governmental activities:	
General government	$ 776,877
Public safety	879,691
Public works	3,555,904
Culture and recreation	726,973
Internal service fund*	146,228
Total depreciation and amortization expense - governmental activities	$ 6,085,673
Business-type activities:	
Sewer	$ 858,364
Water	548,735
Stormwater	450,905
Total depreciation and amortization expense - business-type activities	$ 1,858,004

*Depreciation and amortization of capital assets held by the City's internal service funds are charged to various functions based on the usage of the asset.

Discretely Presented Component Unit

Capital asset activity for the Library for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated and amortized:				
Land improvements	$ -	$ 1,300,010	$ -	$ 1,300,010
Machinery and equipment	1,116,606	145,831	(148,953)	1,113,484
Right-to-use leased machinery and equipment	93,630	-	-	93,630
Total capital assets being depreciated and amortized	1,210,236	1,445,841	(148,953)	2,507,124
Less accumulated depreciation and amortization for:				
Land improvements	-	(14,445)		(14,445)
Machinery and equipment	(838,969)	(174,496)	148,953	(864,512)
Right-to-use leased machinery and equipment	(63,612)	(21,204)	-	(84,816)
Total capital assets being amortized, net	(902,581)	(210,145)	148,953	(963,773)
Library capital assets, net	$ 307,655	$ 1,235,696	$ -	$ 1,543,351

7 - Capital Projects

The City has the following projects in progress at December 31, 2025:

	Costs to Date	Amount Authorized
Governmental improvements	$ 15,299,425	$ 33,089,997
Stormwater improvements	179,075	2,065,863
Sewer improvements	14,076,223	43,877,072
Water improvements	-	1,916,868
	$ 29,554,723	$ 80,949,800

8 - 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 Employees and Police and Firemen groups.

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

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

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

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

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

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before

July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. K.S.A. 74-4975 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 for the KPERS fiscal year ended June 30, 2025.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate were 9.71% for KPERS and 24.67% for KP&F for the year ended December 31, 2025. Contributions to the Pension Plan from the City were $ 938,755 for KPERS and $ 1,596,147 for KP&F for the year ended December 31, 2025.

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

At December 31, 2025, the City reported a liability of $ 7,544,866 for KPERS and $ 12,712,554 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, 2025, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025.

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, 2025.

The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2025, the City's proportion for KPERS was 0.376444%, which was an increase of 0.015714% from its proportion measured as of June 30, 2024. At June 30, 2025, the City's proportion for KP&F was 0.784028%, which was an increase of 0.008754% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the City recognized pension expense of $ 1,182,997 for KPERS and $ 2,110,342 for KP&F, with the aggregate pension expense for both KPERS and KP&F totaling $ 3,293,339. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,467,736	$ -
Net difference between projected and actual earnings on pension plan investments	-	589,361
Changes of assumptions	497,534	-
Changes in proportionate share	723,715	144,297
City contributions subsequent to measurement date	1,375,027	-
Total	$ 5,064,012	$ 733,658

The $ 1,375,027 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, 2026. 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,	
2026	$ 2,041,996
2027	591,119
2028	258,057
2029	64,155
	$ 2,955,327

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.75 percent
Salary increases, including price inflation	3.50 to 15.50 percent
Long-term rate of return, net of investment expense, including price inflation	7.00 percent
Payroll growth assumption	3.00 percent

Mortality rates were based on the Pub 2010 Mortality Tables, with age setbacks and age set forwards based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study, which covered the four-year period of January 1, 2019 through December 31, 2022. The experience study is dated January 29, 2024.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equities	43%	8.20%
Private equity	11%	12.00%
Real estate	15%	5.70%
Yield driven	12%	5.30%
Infrastructure	3%	6.80%
Core fixed income	13%	2.20%
Short-term investments	3%	0.30%
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7%. 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%, as well as what the City's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
City's KPERS proportionate share of the collective net pension liability	$ 11,133,851	$ 7,544,866	$ 4,530,599
City's KP&F proportionate share of the collective net pension liability	17,489,581	12,712,554	8,710,135
	$ 28,623,432	$ 20,257,420	$ 13,240,734

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

9 - 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, 2025 totaled $ 67,300.

Employees Covered by Benefit Terms. As of the actuarial valuation date of January 1, 2025, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	9
Active plan members	210
	219

Total OPEB Liability. The City's total OPEB liability of $ 1,383,267 was measured as of December 31, 2025 and was determined by an actuarial valuation dated January 1, 2025.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate as of measurement date	4.42 percent
Mortality table	Society of Actuaries Pub-2016 Public Retirement Plans Headcount-Weighted General and Public Safety Mortality Tables using Scale MP-2021 Full Generational Improvement
Salary scale	5.00 percent per year
Inflation rate	2.50 percent per year
Healthcare cost trend rates	
Current rate	9.50 percent
Ultimate rate	4.50 percent
Actuarial cost method	Entry Age Normal - Level Percent-of-Pay

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

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

- The discount rate was changed from 4.22% to 4.42%.
- The assumed mortality was revised from PUB 2010 to PUB 2016, as published by the Society of Actuaries. The mortality projection scale remains at MP 2021.
- The projected retiree per capita costs, retiree contribution premiums and assumed trends were updated taking into account the most recent information. The January 1, 2026 renewal was taken into account.

Changes in the Total OPEB Liability.

	Total OPEB Liability
Balance at December 31, 2024	$ 1,469,999
Changes for the year:	
Service cost	108,654
Interest cost	65,199
Differences between expected and actual experience	(97,981)
Changes in assumptions and inputs	(95,304)
Benefit payments	(67,300)
Net changes	(86,732)
Balance at December 31, 2025	$ 1,383,267

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

	1% Decrease (3.42%)	Discount Rate (4.42%)	1% Increase (5.42%)
Total OPEB liability	$ 1,539,255	$ 1,383,267	$ 1,243,117

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 1,179,145	$ 1,383,267	$ 1,633,177

OPEB Expense, Deferred Outflows, and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2025, the City recognized OPEB expense of $ 133,294.

At December 31, 2025, 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	$ 516,808	$ 499,709
Changes of assumptions	265,724	814,101
	$ 782,532	$ 1,313,810

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,	
2026	$ (40,559)
2027	(40,559)
2028	(40,559)
2029	(40,559)
2030	(40,559)
2031 and thereafter	(328,483)
	$ (531,278)

Disability Benefits and Life Insurance

Plan Description, Benefits Provided, and Contributions. The City participates in a single 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, 2025 totaled $ 52,086.

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

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $ 100 and a maximum of $ 5,000. The monthly benefit is subject to reduction by deductible

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

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

Employees Covered by Benefit Terms. As of the valuation date of December 31, 2024, the following employees were covered by the benefit terms.

Active members	138
Disabled members	1
	139

Total OPEB Liability. The City's total OPEB liability of $ 144,418 was measured as of June 30, 2025 and was determined by an actuarial valuation performed as of December 31, 2024.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	5.20 percent
Implicit inflation rate	2.75 percent
Mortality rates	Local Males: General Below Median Employees +0 Local Females: General Below Median Employees +1 Generational mortality improvements were projected for future years using Projection Scale MP-2021.
Salary increases	3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity)
Payroll growth	3.00 percent near-term growth for cash flow projections
Actuarial cost method	Entry Age Normal

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

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2019 through December 31, 2022.

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

- The demographic assumptions have been updated based upon the most recent KPERS experience study. The discount rate was updated in accordance with the requirements of GASB 75.

Changes in the Total OPEB Liability.

	Total OPEB Liability
Balance at December 31, 2024	$ 141,800
Changes for the year:	
Service cost	19,426
Interest on total OPEB liability	6,260
Effect of economic/demographic gains or losses	(10,579)
Effect of assumptions changes or inputs	(8,580)
Benefit payments	(3,909)
Net changes	2,618
Balance at December 31, 2025	$ 144,418

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

	1% Decrease (4.2%)	Discount Rate (5.2%)	1% Increase (6.2%)
Total OPEB liability	$ 151,204	$ 144,418	$ 137,485

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 144,418	$ 144,418	$ 144,418

OPEB Expense, Deferred Outflows, and Deferred Inflows of Resources Related to OPEB. For the year ended December 31, 2025, the City recognized OPEB expense of $ 4,586. At December 31, 2025, 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	$ 430	$ 94,364
Changes of assumptions	7,752	36,898
City contributions subsequent to measurement date	52,086	-
	$ 60,268	$ 131,262

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $ 52,086 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, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2026	$ (20,918)
2027	(20,540)
2028	(20,386)
2029	(20,074)
2030	(20,751)
2031 and thereafter	(20,411)
	$ (123,080)

Aggregate Other Postemployment Healthcare Benefit Information

	Balances at December 31, 2025		
	Health Insurance	Disability Benefits and Life Insurance	Total
Total OPEB liability	$ 1,383,267	$ 144,418	$ 1,527,685
Total deferred outflows of resources	782,532	60,268	842,800
Total deferred inflows of resources	1,313,810	131,262	1,445,072

The aggregate amount of OPEB expenses for the two OPEB plans for the year ended December 31, 2025 was $ 137,880.

10 - Risk Management

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such

matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

Self-Funded Health Insurance

The City maintains a self-funded health insurance plan covering substantially all full-time employees. Funds are accumulated for payment of claims and insurance premiums through charges to the City's funds and to the employees of the various departments of the City. The plan is administered by a third party, which accumulates and processes claims. The City is protected against catastrophic loss by stop-loss coverage carried through a commercial insurance carrier. Any claims paid in excess of this amount will be reimbursed to the City by the insurance company. Stop-loss coverage is in effect for individual claims exceeding $ 80,000 and for aggregate loss subject to a maximum of $ 1,000,000. The transactions of the health insurance plan are accounted for in an internal service fund. The claims liability reported at December 31, 2025 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, 2025 is as follows:

Claims payable, beginning of year	$	424,400
Incurred claims and change in estimate		1,857,316
Claim payments		(1,887,309)
Claims payable, end of year	$	394,407

11 - 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.

General obligation bonds payable at December 31, 2025 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2025	Outstanding December 31, 2025
General Obligation Bonds:					
Governmental activities:					
2014A Refunding and Improvement	2.25% - 3.30%	$ 3,146,914	2034	$ 164,735	$ 1,734,798
2015C Improvement	2.25% - 3.50%	955,000	2036	65,000	360,000
2017A Improvement	2.00% - 3.00%	5,105,000	2037	250,000	3,370,000
2017B Improvement	3.00% - 3.375%	26,342	2038	1,317	17,122
2018A Improvement	3.00% - 3.35%	6,125,000	2038	275,000	4,330,000
2019A Improvement	3.00% - 5.00%	5,385,000	2034	330,000	3,615,000
2019B Refunding and Improvement	2.25% - 4.00%	6,300,960	2040	597,220	3,351,380
2020A Improvement	2.00% - 3.00%	295,000	2041	20,000	215,000
2021B Refunding and Improvement	2.00% - 4.00%	2,720,000	2033	205,000	1,935,000
2023A Improvement	5.00%	3,307,814	2039	180,776	3,127,038
2024A Improvement	4.00% - 5.00%	765,000	2035	-	765,000
2025A Improvement	4.00% - 5.00%	18,815,000	2035	-	18,815,000
2025B Improvement	4.00% - 5.00%	7,767,439	2055	-	7,767,439
				$ 2,089,048	$ 49,402,777
Business-type activities:					
2012B Improvement	2.00% - 2.75%	$ 708,120	2027	$ 51,142	$ 106,218
2018B Improvement	3.50% - 5.00%	2,710,000	2027	360,000	780,000
2019B Refunding and Improvement	2.25% - 4.00%	1,633,040	2026	166,880	727,120
2023A Improvement	5.00%	5,462,186	2039	284,224	5,177,962
2024A Improvement	4.00% - 5.00%	15,905,000	2055	-	15,905,000
2025B Improvement	4.00% - 5.00%	17,017,561	2045	-	17,017,561
				$ 862,246	$ 39,713,861

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
2026	$ 2,228,222	$ 2,104,294	$ 1,160,159	$ 1,758,463
2027	4,712,086	2,007,210	1,553,594	1,691,332
2028	4,834,664	1,798,625	1,158,908	1,616,635
2029	5,040,826	1,582,658	1,208,646	1,560,562
2030	4,787,380	1,369,120	1,068,142	1,505,323
2031-2035	25,198,649	3,614,819	6,081,310	6,669,686
2036-2040	2,600,950	201,211	6,238,101	5,130,571
2041-2045	-	-	5,735,000	3,885,719
2046-2050	-	-	6,975,000	2,638,850
2051-2055	-	-	8,535,001	1,085,350
	$ 49,402,777	$ 12,677,937	$ 39,713,861	$ 27,542,491

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, 2025 are comprised of the following issues:

Special Assessment Bonds	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2025	Outstanding December 31, 2025
Governmental activities:					
2012B Improvement	2.00% - 2.75%	$ 1,579,020	2032	$ 98,858	$ 373,783
2014A Refunding and Improvement	2.25% - 3.30%	758,086	2034	35,265	165,202
2015C Improvement	2.25% - 3.50%	3,800,000	2036	265,000	1,610,000
2017B Improvement	3.00% - 3.375%	2,273,658	2038	143,683	1,342,878
2018B Refunding	3.50% - 5.00%	2,970,000	2039	150,000	2,180,000
2019B Refunding and Improvement	2.25% - 4.00%	2,526,000	2040	345,900	896,500
2020A Improvement	2.00% - 3.00%	3,695,000	2041	150,000	3,110,000
2020B Refunding	2.00% - 3.00%	3,415,000	2036	250,000	2,470,000
2021A Improvement	2.00% - 4.00%	4,620,000	2042	190,000	4,065,000
2022A Improvement	4.00% - 5.00%	2,130,000	2043	65,000	2,000,000
2023A Improvement	5.00%	3,040,000	2044	90,000	2,950,000
2024A Improvement	4.00% - 5.00%	2,095,000	2049	-	2,095,000
2025A Improvement	4.00% - 5.00%	7,110,000	2055	-	7,110,000
				$ 1,783,706	$ 30,368,363

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

	Governmental Activities	
	Principal	Interest
2026	$ 1,646,619	$ 1,075,858
2027	1,719,320	1,016,826
2028	1,696,428	958,605
2029	1,715,528	900,080
2030	1,689,478	844,760
2031-2035	7,535,041	3,436,018
2036-2040	6,521,051	2,243,086
2041-2045	3,885,002	1,222,934
2046-2050	2,055,002	654,900
2051-2055	1,904,894	249,689
	$ 30,368,363	$ 12,602,756

Call Provisions

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

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 2019A: Callable December 1, 2026 at par plus accrued interest
Series 2019B: Callable December 1, 2026 at par plus accrued interest
Series 2020A: Callable December 1, 2028 at par plus accrued interest
Series 2020B: Callable December 1, 2028 at par plus accrued interest
Series 2021A: Callable December 1, 2030 at par plus accrued interest
Series 2021B: Callable June 1, 2029 at par plus accrued interest
Series 2022A: Callable December 1, 2031 at par plus accrued interest
Series 2023A: Callable December 1, 2032 at par plus accrued interest
Series 2024A: Callable December 1, 2033 at par plus accrued interest
Series 2025A: Callable December 1, 2033 at par plus accrued interest
Series 2025B: Callable December 1, 2033 at par plus accrued interest

Future Installments

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

	Installment Range	
	Low	High
Governmental activities:		
Series 2012B	$ 30,000	$ 171,891
Series 2014A	195,000	225,000
Series 2015C	55,000	340,000
Series 2017A	250,000	305,000
Series 2017B	55,000	160,000
Series 2018A	275,000	400,000
Series 2018B	125,000	180,000
Series 2019A	330,000	445,000
Series 2019B	20,000	1,110,000
Series 2020A	170,000	230,000
Series 2020B	205,000	255,000
Series 2021A	190,000	270,000
Series 2021B	205,000	270,000
Series 2022A	65,000	155,000
Series 2023A	190,000	865,000
Series 2024A	60,000	95,000
Series 2025A	1,710,000	2,500,000
Series 2025B	824,871	1,221,182
Business-type activities:		
Series 2012B	49,175	53,109
Series 2018B	345,000	400,000
Series 2019B	166,880	189,230
Series 2023A	95,068	116,195
Series 2024A	255,000	895,000
Series 2025B	280,000	950,000

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
2022	Derby Destination Development Project Third Amendment	$ 35,285,000	Year 1: 96.24% State sales tax revenues/.59% City's share of County sales tax/3.17% City's transient guest tax 20 year estimate: 60.15% State sales tax revenues/.37% City's share of County Sales Tax/39.48% City's transient guest tax

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

At December 31, 2025, 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 Local Pledge	State Pledge	Total Value December 31, 2025
2022 Derby Destination Development Bonds	$ 35,285,000	2042	5.00%	$ 9,786,000	$ 14,679,000	$ 24,465,000

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

	Governmental Activities	
Year	Principal	Interest
2026	$ -	$ 489,300
2027	-	489,300
2028	-	489,300
2029	-	489,300
2030	-	489,300
2031-2035	-	2,446,500
2036-2040	-	2,446,500
2041-2042	9,786,000	978,600
	$ 9,786,000	$ 8,318,100

Temporary Notes Payable

The City issues temporary notes to provide temporary financing for capital improvement projects. Temporary notes payable at December 31, 2025 were as follows:

Temporary Notes	Interest Rate	Original Issue	Final Maturity Date	Principal Payments During 2025	Outstanding December 31, 2025
2023-1	4.00%	10,750,000	2025	$ 10,750,000	$ -
2024-1	4.00%	11,480,000	2026	-	11,480,000
2025-1	4.00%	8,400,000	2027	-	8,400,000
2025-2	3.00%	7,415,000	2027	-	7,415,000
				$ 10,750,000	$ 27,295,000

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
2026	$ 11,480,000	$ 1,021,358
2027	15,815,000	481,950
	$ 27,295,000	$ 1,503,308

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 project is complete and the loan amounts and repayment schedule have been finalized. As of December 31, 2025, $ 3,264,501 of the loan was drawn down and project costs of $ 3,264,501 were incurred. As of December 31, 2025, $ 1,587,037 of the balance had been forgiven. Principal and interest payments of $ 76,246 and $ 15,703, respectively, were made during 2025. The outstanding balance of $ 546,638 is shown as a liability in the sewer fund.

The following is a schedule of future debt maturities for the revolving loan payable:

	Governmental Activities	
	Principal	Interest
2026	$ 78,241	$ 13,707
2027	80,289	11,660
2028	82,390	9,559
2029	84,546	7,403
2030	86,758	5,190
2031-2032	134,414	3,510
	$ 546,638	$ 51,029

Leases Payable

Leases payable for the City at December 31, 2025 are comprised of the following:

	Initial Lease Liability	Right-of-Use Leased Asset Value	Accumulated Amortization	Leases Payable at Year End
Governmental activities:				
In fiscal year 2023, the City entered into a 48-month lease as lessee for the use of an Enterprise fleet vehicle. The City is required to make monthly fixed payments of $ 1,042. The lease has an interest rate of 2.7860%.	$ 53,029	$ 53,029	$ 30,099	$ 26,615
In fiscal year 2023, the City entered into six 36-month leases as lessee for the use of Enterprise fleet vehicles. The City is required to make monthly fixed payments of between $ 971 and $ 1,509. The leases have interest rates between 2.9010% and 3.7640%.	329,161	329,161	246,126	169,538
In fiscal year 2023, the City entered into a 60-month lease as lessee for the use of a postage machine. The City is required to make quarterly fixed payments of $ 195. The lease has an interest rate of 2.3100%.	3,878	3,878	1,897	2,077
In fiscal year 2024, the City entered into a 60-month lease as lessee for the use of safety cameras. The City is required to make annual fixed payments of $ 40,000. The lease has an interest rate of 2.3120%.	195,048	195,048	76,740	114,658
In fiscal year 2025, the City entered into a 60-month lease as lessee for the use of a postage machine. The City is required to make quarterly fixed payments of $ 536. The lease has an interest rate of 2.7380%.	10,046	10,046	938	9,040
In fiscal year 2024, the City entered into a 36-month lease as lessee for the use of a postage machine. The City is required to make monthly fixed payments of $ 1,497. The lease has an interst rate of 2.4260%.	53,310	53,310	34,563	19,188

In fiscal year 2025, the City entered into a 120 month lease as lessee for the use of Axon 2025.The City is required to make annual fixed payments of $ 166,402. The lease has an interest rate of 3.2090%.	1,442,588	1,442,588	132,236	1,276,186
Total governmental activities	$ 2,087,060	$ 2,087,060	$ 522,599	$ 1,617,302
Business-type activities:				
In fiscal year 2024, the City entered into a 240-month lease as lessee for the use of a well. The City is required to make monthly fixed payments of between $ 10,000 to $ 13,000. The lease has an interest rate of 3.2260%.	$ 180,632	$ 180,632	$ 10,701	$ 155,366

The future principal and interest lease payments as of December 31, 2025 were as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	$ 364,595	$ 46,686	$ 4,321	$ 5,679
2027	186,610	39,137	4,479	5,521
2028	175,327	33,804	4,643	5,357
2029	139,995	28,549	4,813	5,187
2030	141,683	24,069	4,989	5,011
2031-2035	609,092	49,636	33,925	22,075
2036-2040	-	-	50,622	14,378
2041-2043	-	-	47,574	4,425
	$ 1,617,302	$ 221,881	$ 155,366	$ 67,633

Leases payable for the Library at December 31, 2025 are comprised of the following:

	Initial Lease Liability	Right-of-Use Leased Asset Value	Accumulated Amortization	Leases Payable at Year End
Discretely presented component unit:				
In fiscal year 2021, the Library entered into a 60-month lease as lessee for the use of a postage postage machine. The City is required to make quarterly fixed payments of $ 183. The lease has an interest rate of 0.916%.	$ 3,163	$ 3,163	$ 2,880	$ 303
In fiscal year 2021, the Library entered into a 63-month lease as lessee for the use of copiers. The Library is required to make monthly fixed payments of $ 1,741. The lease has an interest rate of 0.916%.	90,467	90,467	81,936	8,687
Total discretely presented component unit	$ 93,630	$ 93,630	$ 84,816	$ 8,990

The future principal and interest lease payments as of December 31, 2025 were as follows:

	Library	
Year	Principal	Interest
2026	$ 8,990	$ 20

Subscriptions Payable

Subscriptions payable for the City at December 31, 2025 are comprised of the following:

	Initial Subscription Liability	Subscription Asset Value	Accumulated Amortization	Subscriptions Payable at Year End
In fiscal year 2023, the City entered into two 36-month subscriptions for the use of software. The City is required to make annual fixed payments of $50,100. The subscriptions have interest rates of 3.6310%.	$ 160,322	$ 237,886	$ 166,312	$ -
In fiscal year 2023, the City entered into a 60-month subscription for the use of software. The City is required to make annual fixed payments of $ 55,598. The subscription has an interest rate of 2.6820%.	193,760	193,760	116,256	78,490
In fiscal year 2023, the City entered into a 36-month subscription for the use of software. The City is required to make monthly fixed payments of $ 1,712. The subscription has an interest rate of 2.9010%.	60,146	62,496	43,916	18,564
In fiscal year 2024, the City entered into a 24-month subscription for the use of software. The City is required to make monthly fixed payments of $ 1,892. The subscription has an interest rate of 3.3170%.	3,723	3,723	2,792	-
In fiscal year 2024, the City entered into a 60-month subscription for the use of software. The City is required to make monthly fixed payments of $ 7,000. The subscription has an interest rate of 2.3120%.	33,454	33,454	13,053	20,065
In fiscal year 2025, the City entered into a 22-month subscription for the use of software. The City is required to make annual fixed payments of $ 44.524. The subscription has an interest rate of 2.4030%.	123,603	123,603	3,777	81,403
In fiscal year 2025, the City entered into a 36-month subscription for the use of software. The City is required to make annual fixed payments of $ 42,200. The subscription has an interest rate of 2.4450%.	85,969	163,533	85,322	-
Total	$ 660,977	$ 818,455	$ 431,428	$ 198,522

The future principal and interest subscription payments as of December 31, 2025 were as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	$ 75,888	$ 3,436	$ 28,147	$ 1,393
2027	58,809	1,681	28,835	705
2028	6,843	158	-	-
	$ 141,540	$ 5,275	$ 56,982	$ 2,098

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 24,909,386	$ 26,582,439	$ 2,089,048	$ 49,402,777	$ 2,228,222
Special assessment debt with government commitment	25,042,069	7,110,000	1,783,706	30,368,363	1,646,619
Plus (less) deferred amounts:					
Issuance premiums	2,888,193	2,467,011	438,270	4,916,934	-
Issuance discounts	(12,904)	-	(675)	(12,229)	-
Sales tax special obligation revenue bonds - direct borrowings	11,992,000	-	2,206,000	9,786,000	-
Plus (less) deferred amounts:					
Issuance discounts	(383,519)	-	(21,709)	(361,810)	-
Temporary notes - direct borrowings	22,230,000	15,815,000	10,750,000	27,295,000	11,480,000
Leases payable - direct borrowings	456,126	1,452,634	291,458	1,617,302	364,595
Subscriptions payable - direct borrowings	206,784	123,050	188,294	141,540	75,888
Compensated absences	2,475,250	-	135,258	2,339,992	960,758
Total OPEB liability	1,537,218	-	80,400	1,456,818	-
Net pension liability	18,655,956	264,514	-	18,920,470	-
Governmental activities long-term liabilities	$ 109,996,559	$ 53,814,648	$ 17,940,050	$ 145,871,157	$ 16,756,082
Business-type activities:					
General obligation bonds	$ 23,558,546	$ 17,017,561	$ 862,246	$ 39,713,861	$ 1,160,159
Plus (less) deferred amounts:					
Issuance premiums	1,344,355	577,317	113,001	1,808,671	-
Issuance discounts	(25,680)	-	(858)	(24,822)	-
Revolving loan - direct borrowings	622,884	-	76,246	546,638	78,241
Leases payable - direct borrowings	164,567	-	9,201	155,366	4,321
Subscriptions payable - direct borrowings	34,734	86,522	64,274	56,982	28,147
Compensated absences	131,096	(26,678)	-	104,418	70,529
Total OPEB liability	74,581	-	3,714	70,867	-
Net pension liability	1,364,733	-	27,783	1,336,950	-
Business-type activities long-term liabilities	$ 27,269,816	$ 17,654,722	$ 1,155,607	$ 43,768,931	$ 1,341,397

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

12 - 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, 2025, 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, 2025 was $ 43,535,288.

13 - Interfund Transactions

Interfund transfers for the year ended December 31, 2025 consisted of the following:

	Transfers in	
	Governmental activities	
Transfers out	General fund	Debt service fund
Governmental activities:		
Capital projects fund	$ 350,000	$ 1,200,246
Derby difference sales tax fund	300,000	-
Business-type activities:		
Sewer fund	15,000	-
Water fund	109,000	-

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.

14 - 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, 2025, industrial revenue bonds of $ 18,740,000 are outstanding.

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, 2025, the City's recorded encumbrances in governmental funds were as follows:

General fund	$	10,000
Capital projects fund		16,979,929
Derby difference sales tax fund		658,349
Special street and highway fund		59,000
	$	17,707,278

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, 2025, abated property taxes that impacted the City totaled $ 71,571, which included the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A property tax abatement for constructing and equipping a memory care facility. The City's portion of the abatement amounted to $ 23,244.
- A property tax abatement related to the construction and furnishing of a senior residential facility. The City's portion of the tax abatement amounted to $ 48,327.

16 - Subsequent Events

On May 28, 2026, the City issued General Obligation Bonds, Series 2026-A in the principal amount of $ 20,950,000 and General Obligation Temporary Notes, Series 2026-1 in the principal amount of $ 3,685,000. The General Obligation Bonds Series 2026-A have interest rates ranging from 4.0% to 5.0% and a final maturity of December 1, 2056. The General Obligation Temporary Notes Series 2026-1 have an interest rate of 3.1% and a final maturity of December 1, 2028.

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 Ten Fiscal Years

	2025	2024	2023	2022	2021
City's proportion of the collective net pension liability					
KPERS	0.376444%	0.360730%	0.344854%	0.344719%	0.346525%
KP&F	0.784028%	0.775274%	0.742878%	0.767073%	0.781180%
City's proportionate share of the collective net pension liability	$ 20,257,420	$ 20,020,689	$ 19,100,370	$ 17,916,138	$ 11,612,519
City's covered payroll	$ 15,176,346	$ 13,810,380	$ 12,440,473	$ 11,483,673	$ 11,051,383
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	133%	145%	154%	156%	105%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	72.75%	70.70%	69.75%	76.40%

	2020	2019	2018	2017	2016
City's proportion of the collective net pension liability					
KPERS	0.325601%	0.321937%	0.318254%	0.311056%	0.322890%
KP&F	0.743419%	0.697454%	0.710227%	0.708786%	0.752855%
City's proportionate share of the collective net pension liability	$ 14,812,169	$ 11,557,734	$ 11,269,609	$ 11,152,434	$ 11,987,447
City's covered payroll	$ 10,237,891	$ 9,678,999	$ 9,289,020	$ 9,016,474	$ 9,078,858
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	145%	119%	121%	124%	132%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%

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

	2025	2024	2023	2022	2021
KPERS contractually required contributions	$ 938,755	$ 845,633	$ 661,715	$ 634,104	$ 605,124
KP&F contractually required contributions	1,596,147	1,402,702	1,181,569	1,089,320	1,019,786
Contributions in relation to the contractually required contribution	(2,534,902)	(2,248,335)	(1,843,284)	(1,723,424)	(1,624,910)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 16,036,820	$ 15,072,750	$ 12,996,306	$ 11,862,999	$ 11,293,230
Contributions as a percentage of covered payroll	15.8%	14.9%	14.2%	14.5%	14.4%

	2020	2019	2018	2017	2016
KPERS contractually required contributions	$ 548,023	$ 544,363	$ 482,805	$ 477,511	$ 494,232
KP&F contractually required contributions	924,681	865,520	733,249	684,037	709,642
Contributions in relation to the contractually required contribution	(1,472,704)	(1,409,883)	(1,216,054)	(1,161,548)	(1,203,874)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 10,581,465	$ 10,038,033	$ 9,396,390	$ 9,212,330	$ 8,847,625
Contributions as a percentage of covered payroll	13.9%	14.0%	12.9%	12.6%	13.6%

CITY OF DERBY, KANSAS
Schedule of Changes in the City's Total OPEB Liability and Related Ratios -
Health Insurance
Last Eight Fiscal Years[1, 2]

	2025	2024	2023	2022
Total OPEB liability:				
Service cost	$ 108,654	$ 132,402	$ 114,772	$ 133,629
Interest cost	65,199	74,534	69,196	32,994
Differences between expected and actual experience	(97,981)	(257,693)	64,508	651,283
Changes of assumptions and inputs	(95,304)	(232,834)	58,978	(720,485)
Benefit payments	(67,300)	(70,000)	(49,000)	(32,000)
Net change in total OPEB liability	(86,732)	(353,591)	258,454	65,421
Total OPEB liability, beginning	1,469,999	1,823,590	1,565,136	1,499,715
Total OPEB liability, ending	$ 1,383,267	$ 1,469,999	$ 1,823,590	$ 1,565,136
Covered-employee payroll	$ 14,566,722	$ 14,566,722	$ 12,996,306	$ 11,862,999
City's total OPEB liability as a percentage of covered-employee payroll	9.50%	10.09%	14.03%	13.19%

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	$ 140,176	$ 95,809	$ 83,306	$ 83,668
Interest cost	31,443	40,395	44,677	36,599
Differences between expected and actual experience	(95,561)	(121,548)	(85,053)	-
Changes of assumptions and inputs	(13,909)	246,207	118,033	(459)
Benefit payments	(53,000)	(42,000)	(40,000)	(30,000)
Net change in total OPEB liability	9,149	218,863	120,963	89,808
Total OPEB liability, beginning	1,490,566	1,271,703	1,150,740	1,060,932
Total OPEB liability, ending	$ 1,499,715	$ 1,490,566	$ 1,271,703	$ 1,150,740
Covered-employee payroll	$ 11,293,230	$ 10,581,465	$ 10,038,033	$ 9,396,390
City's total OPEB liability as a percentage of covered-employee payroll	13.28%	14.09%	12.67%	12.25%

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

[2] There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

CITY OF DERBY, KANSAS
Schedule of Changes in the City's Total OPEB Liability and Related Ratios -
Disability Benefits and Life Insurance
Last Eight Fiscal Years[1,2]

	2025	2024	2023	2022
Total OPEB liability:				
Service cost	$ 19,426	$ 17,244	$ 16,147	$ 27,350
Interest on total OPEB liability	6,260	5,340	4,807	4,223
Effect of economic/demographic gains or losses	(10,579)	(8,823)	(6,960)	(29,857)
Effect of assumptions changes or inputs	(8,580)	940	(646)	(46,323)
Benefit payments	(3,909)	(3,909)	(3,909)	(3,909)
Net change in total OPEB liability	2,618	10,792	9,439	(48,516)
Total OPEB liability, beginning	141,800	131,008	121,569	170,085
Total OPEB liability, ending	$ 144,418	$ 141,800	$ 131,008	$ 121,569
Covered-employee payroll	$ 8,596,170	$ 7,763,860	$ 6,748,424	$ 6,286,250
City's total OPEB liability as a percentage of covered-employee payroll	1.68%	1.83%	1.94%	1.93%

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	$ 25,968	$ 21,925	$ 19,930	$ 19,802
Interest on total OPEB liability	5,914	8,163	8,167	6,649
Effect of economic/demographic gains or losses	(98,363)	(7,614)	(8,558)	2,454
Effect of assumptions changes or inputs	278	15,122	3,250	(2,492)
Benefit payments	(10,647)	(3,959)	(1,200)	(1,200)
Net change in total OPEB liability	(76,850)	33,637	21,589	25,213
Total OPEB liability, beginning	246,935	213,298	191,709	166,496
Total OPEB liability, ending	$ 170,085	$ 246,935	$ 213,298	$ 191,709
Covered-employee payroll	$ 6,330,845	$ 6,096,515	$ 5,795,583	$ 5,492,200
City's total OPEB liability as a percentage of covered-employee payroll	2.69%	4.05%	3.68%	3.49%

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

[2]There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

OTHER SUPPLEMENTARY INFORMATION

CITY OF DERBY, KANSAS
COMBINING BALANCE SHEET
GENERAL FUND
December 31, 2025

	General	Derby Senior Activity Board	Payroll	Equipment Reserve	Capital Improvement Reserve	Total General Fund
Assets:						
Deposits and investments	$ 14,228,836	$ 38,320	$ 131,622	$ 375,522	$ 1,884,135	$ 16,658,435
Receivables (net of allowance for uncollectibles):						
Taxes	13,975,109	-	-	-	-	13,975,109
Accounts	386,732	-	-	-	-	386,732
Interest	737,609	-	-	-	-	737,609
Prepaid items	-	-	-	1,018,691	-	1,018,691
Inventories	296,949	-	-	-	-	296,949
Total assets	$ 29,625,235	$ 38,320	$ 131,622	$ 1,394,213	$ 1,884,135	$ 33,073,525
Liabilities:						
Accounts payable	$ 426,364	$ -	$ -	$ -	$ 35,219	$ 461,583
Accrued payroll	-	-	788,083	-	-	788,083
Total liabilities	426,364	-	788,083	-	35,219	1,249,666
Deferred inflows of resources:						
Unavailable revenue - property taxes	12,348,673	-	-	-	-	12,348,673
Fund balances (deficits):						
Nonspendable:						
Inventories	296,949	-	-	-	-	296,949
Prepaid items	-	-	-	1,018,691	-	1,018,691
Assigned:						
Senior activities	-	38,320	-	-	-	38,320
Equipment purchases	-	-	-	375,522	-	375,522
Capital improvements	-	-	-	-	1,848,916	1,848,916
Other purposes	10,000	-	-	-	-	10,000
Unassigned	16,543,249	-	(656,461)	-	-	15,886,788
Total fund balances (deficits)	16,850,198	38,320	(656,461)	1,394,213	1,848,916	19,475,186
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 29,625,235	$ 38,320	$ 131,622	$ 1,394,213	$ 1,884,135	$ 33,073,525

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS)
GENERAL FUND
Year Ended December 31, 2025

	General	Derby Senior Activity Board	Payroll	Equipment Reserve
Revenues:				
Taxes:				
Property	$ 12,661,262	$ -	$ -	$ -
Excise	87,830	-	-	-
Sales	6,491,186	-	-	-
Franchise	2,674,805	-	-	-
Intergovernmental	300,860	-	-	-
Licenses and permits	641,867	-	-	-
Charges for services	446,474	-	-	-
Fines and fees	777,947	-	-	-
Investment earnings	2,629,974	-	-	-
Other	684,085	10,230	-	-
Total revenues	27,396,290	10,230	-	-
Expenditures:				
Current:				
General government	5,521,753	108	358,068	-
Public works	4,629,993	-	-	-
Public safety	11,381,408	-	-	-
Culture and recreation	2,353,626	-	-	-
Economic development	696,356	-	-	-
Debt services:				
Principal	129,745	-	-	-
Interest and fiscal charges	8,746	-	-	-
Capital outlay	148,685	-	-	9,288
Total expenditures	24,870,312	108	358,068	9,288
Excess (deficiency) of revenues over (under) expenditures	2,525,978	10,122	(358,068)	(9,288)
Other financing sources (uses):				
Transfers in	474,000	-	-	375,000
Transfers out	(175,000)	-	-	-
Sale of general capital assets	80,415	-	-	-
Issuance of leases	10,046	-	-	-
Issuance of subscriptions	48,257	-	-	-
Total other financing sources (uses)	437,718	-	-	375,000
Net change in fund balances (deficits)	2,963,696	10,122	(358,068)	365,712
Fund balances (deficits), beginning of year	13,886,502	28,198	(298,393)	1,028,501
Fund balances (deficits), end of year	$ 16,850,198	$ 38,320	$ (656,461)	$ 1,394,213

(Continued)

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS)
GENERAL FUND
(Continued)
Year Ended December 31, 2025

	Capital Improvement Reserve	Eliminations	Total General Fund
Revenues:			
Taxes:			
Property	$ -	$ -	$ 12,661,262
Excise	-	-	87,830
Sales	-	-	6,491,186
Franchise	-	-	2,674,805
Intergovernmental	-	-	300,860
Licenses and permits	-	-	641,867
Charges for services	-	-	446,474
Fines and fees	-	-	777,947
Investment earnings	-	-	2,629,974
Other	-	-	694,315
Total revenues	-	-	27,406,520
Expenditures:			
Current:			
General government	-	-	5,879,929
Public works	-	-	4,629,993
Public safety	-	-	11,381,408
Culture and recreation	-	-	2,353,626
Economic development	-	-	696,356
Debt services:			
Principal	-	-	129,745
Interest and fiscal charges	-	-	8,746
Capital outlay	235,838	-	393,811
Total expenditures	235,838	-	25,473,614
Excess (deficiency) of revenues over (under) expenditures	(235,838)	-	1,932,906
Other financing sources (uses):			
Transfers in	100,000	(175,000)	774,000
Transfers out	-	175,000	-
Sale of general capital assets	-	-	80,415
Issuance of leases	-	-	10,046
Issuance of subscriptions	-	-	48,257
Total other financing sources (uses)	100,000	-	912,718
Net change in fund balances (deficits)	(135,838)	-	2,845,624
Fund balances (deficits), beginning of year	1,984,754	-	16,629,562
Fund balances (deficits), end of year	$ 1,848,916	$ -	$ 19,475,186

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL -
FUND INCLUDED IN THE COMBINED GENERAL FUND
DERBY SENIOR ACTIVITY BOARD
Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Contributions	$ 10,000	$ 10,230	$ 230
Expenditures:			
Board expenditures	42,859	108	42,751
Net change in fund balances	(32,859)	10,122	42,981
Fund balance, beginning of year	32,860	28,198	(4,662)
Fund balance, end of year	$ 1	$ 38,320	$ 38,319

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.

Derby Fights Addiction – This fund accounts for revenue from state opioid settlements and expenditures are used for drug abuse prevention programs.

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.

CITY OF DERBY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025

	Special Revenue Funds					
	Special Street and Highway	Special Parks and Recreation	Special Drug and Alcohol	Derby Fights Addiction	Law Enforcement Trust	Law Enforcement Trust - State
Assets:						
Deposits and investments	$ 1,004,978	$ 397,880	$ 154,611	$ 159,603	$ 3,458	$ 31,404
Receivables (net of allowance for uncollectibles):						
Accounts	-	-	-	-	-	8,072
Taxes	-	-	-	-	-	-
Total assets	$ 1,004,978	$ 397,880	$ 154,611	$ 159,603	$ 3,458	$ 39,476
Liabilities:						
Accounts payable	$ 29,614	$ -	$ 475	$ -	$ -	$ -
Deferred inflows of resources:						
Unavailable revenue - property taxes	-	-	-	-	-	-
Fund balances:						
Restricted:						
Substance abuse prevention	-	-	154,136	159,603	-	-
Culture and recreation	-	397,880	-	-	-	-
Crime prevention	-	-	-	-	3,458	39,476
Library operations	-	-	-	-	-	-
Streets and sidewalks	975,364	-	-	-	-	-
Assigned:						
Library operations	-	-	-	-	-	-
Aquatic park operations	-	-	-	-	-	-
Total fund balances	975,364	397,880	154,136	159,603	3,458	39,476
Total liabilities, deferred inflows of resources, and fund balances	$ 1,004,978	$ 397,880	$ 154,611	$ 159,603	$ 3,458	$ 39,476

(Continued)

CITY OF DERBY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
December 31, 2025

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Library	Library Employee Benefits	Aquatic Park	
Assets:				
Deposits and investments	$ 113,833	$ 17,834	$ 1,322,795	$ 3,206,396
Receivables (net of allowance for uncollectibles):				
Accounts	-	-	-	8,072
Taxes	1,475,499	152,573	39,290	1,667,362
Total assets	$ 1,589,332	$ 170,407	$ 1,362,085	$ 4,881,830
Liabilities:				
Accounts payable	$ 2,599	$ -	$ 125,197	$ 157,885
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,475,499	152,573	-	1,628,072
Fund balances:				
Restricted:				
Substance abuse prevention	-	-	-	313,739
Culture and recreation	-	-	-	397,880
Crime prevention	-	-	-	42,934
Library operations	111,234	-	-	111,234
Streets and sidewalks	-	-	-	975,364
Assigned:				
Library operations	-	17,834	-	17,834
Aquatic park operations	-	-	1,236,888	1,236,888
Total fund balances	111,234	17,834	1,236,888	3,095,873
Total liabilities, deferred inflows of resources, and fund balances	$ 1,589,332	$ 170,407	$ 1,362,085	$ 4,881,830

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	Special Revenue Funds					
	Special Street and Highway	Special Parks and Recreation	Special Drug and Alcohol	Derby Fights Addiction	Law Enforcement Trust	Law Enforcement Trust - State
Revenues:						
Taxes:						
Property	$ -	$ -	$ -	$ -	$ -	$ -
Excise	-	-	-	-	-	-
Franchise	-	-	-	-	-	-
Intergovernmental	1,031,337	110,440	110,441	45,296	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	7	6
Other	-	-	-	-	-	6,861
Total revenues	1,031,337	110,440	110,441	45,296	7	6,867
Expenditures:						
Current:						
General government	-	-	57,134	-	-	-
Public works	356,539	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	528,102	-	-	3,422	-	-
Total expenditures	884,641	-	57,134	3,422	-	-
Excess (deficiency) of revenues over (under) expenditures	146,696	110,440	53,307	41,874	7	6,867
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	146,696	110,440	53,307	41,874	7	6,867
Fund balances, beginning of year	828,668	287,440	100,829	117,729	3,451	32,609
Fund balances, end of year	$ 975,364	$ 397,880	$ 154,136	$ 159,603	$ 3,458	$ 39,476

(Continued)

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
Year Ended December 31, 2025

	Special Revenue Funds				Total
	Library	Library Employee Benefits	Aquatic Park	Eliminations	Nonmajor Governmental Funds
Revenues:					
Taxes:					
Property	$ 1,488,486	$ 153,769	$ -	$ -	$ 1,642,255
Excise	10,151	1,049	-	-	11,200
Franchise	-	-	287,560	-	287,560
Intergovernmental	-	-	-	-	1,297,514
Charges for services	-	-	31,148	-	31,148
Investment earnings	-	-	-	-	13
Other	-	-	40,869	-	47,730
Total revenues	1,498,637	154,818	359,577	-	3,317,420
Expenditures:					
Current:					
General government	1,347,642	278,661	-	-	1,683,437
Public works	-	-	-	-	356,539
Culture and recreation	-	-	288,515	-	288,515
Capital outlay	-	-	265,323	-	796,847
Total expenditures	1,347,642	278,661	553,838	-	3,125,338
Excess (deficiency) of revenues over (under) expenditures	150,995	(123,843)	(194,261)	-	192,082
Other financing sources (uses):					
Transfers in	-	100,000	-	(100,000)	-
Transfers out	(100,000)	-	-	100,000	-
Total other financing sources (uses)	(100,000)	100,000	-	-	-
Net change in fund balances	50,995	(23,843)	(194,261)	-	192,082
Fund balances, beginning of year	60,239	41,677	1,431,149	-	2,903,791
Fund balances, end of year	$ 111,234	$ 17,834	$ 1,236,888	$ -	$ 3,095,873

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, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Gasoline tax	$ 972,740	$ 1,031,337	$ 58,597
Expenditures:			
Personnel	49,489	-	49,489
Contractual	455,000	356,539	98,461
Capital outlay	759,264	587,102	172,162
Total expenditures	1,263,753	943,641	320,112
Net change in fund balances	(291,013)	87,696	378,709
Fund balance, beginning of year	291,013	828,668	537,655
Fund balance, end of year	$ -	916,364	$ 916,364
Explanation of difference between budgetary and GAAP fund balance:			
Encumbrances for for equipment and supplies ordered but not received are not recorded for GAAP purposes until received		59,000	
Fund balance on the basis of GAAP		$ 975,364	

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, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special alcohol tax	$ 111,112	$ 110,440	$ (672)
Expenditures:			
Capital outlay	387,456	-	387,456
Net change in fund balances	(276,344)	110,440	386,784
Fund balances, beginning of year	276,344	287,440	11,096
Fund balances, end of year	$ -	$ 397,880	$ 397,880

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, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special alcohol tax	$ 111,112	$ 110,441	$ (671)
Expenditures:			
Contractual	65,506	57,134	8,372
Capital outlay	119,904	-	119,904
Total expenditures	185,410	57,134	128,276
Net change in fund balances	(74,298)	53,307	127,605
Fund balance, beginning of year	74,298	100,829	26,531
Fund balance, end of year	$ -	$ 154,136	$ 154,136

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DERBY FIGHTS ADDICTION FUND
Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	$ 50,000	$ 45,296	$ (4,704)
Expenditures:			
Contractual	146,363	-	146,363
Capital outlay	-	3,422	(3,422)
Total expenditures	146,363	3,422	142,941
Net change in fund balances	(96,363)	41,874	138,237
Fund balance, beginning of year	96,363	117,729	21,366
Fund balance, end of year	$ -	$ 159,603	$ 159,603

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND
Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	$ 1,506,964	$ 1,488,486	$ (18,478)
Other	8,133	10,151	2,018
Total revenues	1,515,097	1,498,637	(16,460)
Expenditures:			
Personnel	1,094,492	982,642	111,850
Contractual	372,787	365,000	7,787
Miscellaneous	22,500	-	22,500
Total expenditures	1,489,779	1,347,642	142,137
Excess of revenues over expenditures	25,318	150,995	125,677
Other financing uses:			
Transfers out	(100,000)	(100,000)	-
Net change in fund balances	(74,682)	50,995	125,677
Fund balance, beginning of year	74,682	60,239	(14,443)
Fund balance, end of year	$ -	$ 111,234	$ 111,234

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY EMPLOYEE BENEFITS FUND
Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	$ 156,549	$ 154,818	$ (1,731)
Expenditures:			
Personnel	299,690	278,661	21,029
Miscellaneous	2,300	-	2,300
Total expenditures	301,990	278,661	23,329
Deficiency of revenues under expenditures	(145,441)	(123,843)	21,598
Other financing sources:			
Transfers in	100,000	100,000	-
Net change in fund balances	(45,441)	(23,843)	21,598
Fund balance, beginning of year	45,441	41,677	(3,764)
Fund balance, end of year	$ -	$ 17,834	$ 17,834

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
AQUATIC PARK FUND
Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Franchise tax	$ 246,000	$ 287,560	$ 41,560
Charges for services	34,000	31,148	(2,852)
Other	-	40,869	40,869
Total revenues	280,000	359,577	79,577
Expenditures:			
Contractual	441,017	288,515	152,502
Capital outlay	325,000	265,323	59,677
Total expenditures	766,017	553,838	212,179
Net change in fund balances	(486,017)	(194,261)	291,756
Fund balance, beginning of year	885,134	1,431,149	546,015
Fund balance, end of year	$ 399,117	$ 1,236,888	$ 837,771

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem property tax	$ 1,917,516	$ 1,874,037	$ (43,479)
Delinquent tax	18,500	14,349	(4,151)
Motor vehicle tax	158,934	173,480	14,546
Excise tax	10,000	13,843	3,843
Special assessments	2,588,412	2,459,236	(129,176)
Investment earnings	85,000	207,099	122,099
Other	485,100	443,103	(41,997)
Total revenues	5,263,462	5,185,147	(78,315)
Expenditures:			
Principal	3,719,284	3,872,754	(153,470)
Interest	1,565,649	2,225,258	(659,609)
Miscellaneous	889,500	-	889,500
Total expenditures	6,174,433	6,098,012	76,421
Deficiency of revenues under expenditures	(910,971)	(912,865)	(1,894)
Other financing sources:			
Transfers in	-	1,200,246	1,200,246
Net change in fund balances	(910,971)	287,381	1,198,352
Fund balance, beginning of year	910,971	1,472,809	561,838
Fund balance, end of year	$ -	$ 1,760,190	$ 1,760,190

Internal Service Funds

Internal service funds are used to account for services provided to other departments of the government on a cost-reimbursement basis.

Fleet Management Fund – This fund accounts for the City's financial management of its fleet vehicle leasing program with Enterprise.

Health Self-Insurance Fund – This fund accounts for health insurance-related expenses, fees, and claims.

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2025

	Fleet Management	Health Self-Insurance	Total Internal Service Funds
Assets:			
Current assets:			
Deposits and investments	$ 54,062	$ 1,289,169	$ 1,343,231
Noncurrent assets:			
Capital assets:			
Right-to-use leased machinery and equipment	435,501	-	435,501
Accumulated amortization	(310,788)	-	(310,788)
Total noncurrent assets	124,713	-	124,713
Total assets	178,775	1,289,169	1,467,944
Liabilities:			
Current liabilities:			
Accounts payable	-	394,407	394,407
Accrued interest payable	212	-	212
Current portion of leases payable	199,142	-	199,142
Total current liabilities	199,354	394,407	593,761
Noncurrent liabilities:			
Leases payable	16,199	-	16,199
Total liabilities	215,553	394,407	609,960
Net position:			
Net investment in capital assets	(90,628)	-	(90,628)
Unrestricted	53,850	894,762	948,612
Total net position	$ (36,778)	$ 894,762	$ 857,984

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2025

	Fleet Management	Health Self-Insurance	Total Internal Service Funds
Operating revenues:			
Charges for sales and services	$ 125,000	$ 2,979,240	$ 3,104,240
Operating expenses:			
Personnel	-	2,802,646	2,802,646
Contractual	27,264	-	27,264
Amortization	146,228	-	146,228
Total operating expenses	173,492	2,802,646	2,976,138
Operating income (loss)	(48,492)	176,594	128,102
Nonoperating expenses:			
Interest expense	(9,449)	-	(9,449)
Loss on disposal of property	(28,540)	-	(28,540)
Total nonoperating expenses	(37,989)	-	(37,989)
Change in net position	(86,481)	176,594	90,113
Net position, beginning of year	49,703	718,168	767,871
Net position, end of year	$ (36,778)	$ 894,762	$ 857,984

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2025

	Fleet Management	Health Self-Insurance	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers	$ 125,000	$ 2,979,240	$ 3,104,240
Payments to suppliers	(27,264)	-	(27,264)
Payments to employees for salaries and benefits	-	(2,832,639)	(2,832,639)
Net cash from operating activities	97,736	146,601	244,337
Cash flows from capital and related financing activities:			
Interest paid on debt	(15,970)	-	(15,970)
Principal paid on leases	(108,813)	-	(108,813)
Net cash from capital and related financing activities	(124,783)	-	(124,783)
Net change in cash and cash equivalents	(27,047)	146,601	119,554
Cash and cash equivalents, beginning of year	81,109	1,142,568	1,223,677
Cash and cash equivalents, end of year	$ 54,062	$ 1,289,169	$ 1,343,231
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	$ (48,492)	$ 176,594	$ 128,102
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Items not requiring cash:			
Amortization	146,228	-	146,228
Changes in:			
Accounts payable	-	(29,993)	(29,993)
Net cash from operating activities	$ 97,736	$ 146,601	$ 244,337

CITY OF DERBY, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
DERBY PUBLIC LIBRARY
December 31, 2025

Assets:		
Deposits and investments	$	265,436
Prepaid items		33,295
Total assets	$	298,731
Liabilities:		
Accounts payable	$	30,890
Fund balance:		
Nonspendable - prepaid items		33,295
Assigned		234,546
Total fund balance		267,841
Total liabilities and fund balance	$	298,731

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT
DERBY PUBLIC LIBRARY
Year Ended December 31, 2025

Revenues:		
Taxes	$	415,119
Fines and fees		157,258
Gifts and grants		571,233
Investment earnings		1,103
Total revenues		1,144,713
Expenditures:		
Current:		
Education		2,057,191
Net change in fund balance		(912,478)
Fund balance, beginning of year		1,180,319
Fund balance, end of year	$	267,841

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	96
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	104
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	108
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	112
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	114

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

CITY OF DERBY, KANSAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	$ 80,079,611	$ 81,044,031	$ 89,230,087	$ 89,103,942	$ 83,079,651
Restricted	28,934,914	27,849,580	25,633,762	26,983,097	32,414,255
Unrestricted	2,775,689	4,121,645	4,135,072	5,205,544	5,023,778
Total governmental activities net position	$ 111,790,214	$ 113,015,256	$ 118,998,921	$ 121,292,583	$ 120,517,684
Business-type activities					
Net investment in capital assets	$ 23,673,645	$ 25,936,436	$ 22,161,174	$ 24,317,166	$ 26,447,176
Unrestricted	8,349,054	8,570,330	13,678,977	11,960,374	14,263,673
Total business-type activities net position	$ 32,022,699	$ 34,506,766	$ 35,840,151	$ 36,277,540	$ 40,710,849
Primary government					
Net investment in capital assets	$ 103,753,256	$ 106,980,467	$ 111,391,261	$ 113,421,108	$ 109,526,827
Restricted	28,934,914	27,849,580	25,633,762	26,983,097	32,414,255
Unrestricted	11,124,743	12,691,975	17,814,049	17,165,918	19,287,451
Total primary government net position	$ 143,812,913	$ 147,522,022	$ 154,839,072	$ 157,570,123	$ 161,228,533

	2021	2022	2023	2024	2025
Governmental activities					
Net investment in capital assets	$ 91,754,688	$ 77,649,958	$ 83,477,844	$ 90,140,374	$ 89,055,093
Restricted	30,340,671	40,781,198	39,754,855	40,552,060	49,331,451
Unrestricted	4,189,473	6,834,428	5,796,046	1,293,096	3,422,787
Total governmental activities net position	$ 126,284,832	$ 125,265,584	$ 129,028,745	$ 131,985,530	$ 141,809,331
Business-type activities					
Net investment in capital assets	$ 26,552,466	$ 27,075,739	$ 28,151,587	$ 33,565,952	$ 47,625,657
Unrestricted	16,791,305	20,070,223	21,886,812	22,119,559	15,420,980
Total business-type activities net position	$ 43,343,771	$ 47,145,962	$ 50,038,399	$ 55,685,511	$ 63,046,637
Primary government					
Net investment in capital assets	$ 118,307,154	$ 104,725,697	$ 111,629,431	$ 123,706,326	$ 136,680,750
Restricted	30,340,671	40,781,198	39,754,855	40,552,060	49,331,451
Unrestricted	20,980,778	26,904,651	27,682,858	23,412,655	18,843,767
Total primary government net position	$ 169,628,603	$ 172,411,546	$ 179,067,144	$ 187,671,041	$ 204,855,968

CITY OF DERBY, KANSAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
General government	$ 7,773,058	$ 7,703,658	$ 6,521,315	$ 7,661,796	$ 7,354,943
Public safety	5,134,304	5,355,900	7,394,895	7,785,647	8,428,244
Public works	6,411,905	7,142,710	6,652,629	6,781,124	7,333,085
Culture and recreation	1,826,872	1,505,068	2,052,916	2,031,318	5,384,947
Economic development	390,258	372,519	372,102	385,028	346,334
Interest on long-term debt	1,698,437	1,844,998	2,164,724	2,302,615	2,272,672
Total government activities expenses	23,234,834	23,924,853	25,158,581	26,947,528	31,120,225
Business-type activities:					
Sewer	2,941,529	2,745,237	2,741,641	2,429,493	2,905,321
Water	4,736,231	5,415,949	5,524,713	7,351,896	5,578,717
Stormwater	439,443	484,247	584,204	551,061	533,322
Total business-type activities expenses	8,117,203	8,645,433	8,850,558	10,332,450	9,017,360
Total primary government expenses	$ 31,352,037	$ 32,570,286	$ 34,009,139	$ 37,279,978	$ 40,137,585
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 1,002,225	$ 1,257,306	$ 1,094,366	$ 1,327,032	$ 1,139,593
Public safety	531,558	557,714	748,847	739,358	700,729
Public works/services/engineering/parks	395,934	558,314	424,909	903,731	715,229
Culture and recreation	151,240	75,246	121,935	128,131	10,891
Operating grants and contributions	1,358,052	1,574,236	1,556,013	1,472,861	2,197,598
Capital grants and contributions	6,596,190	3,610,682	6,700,340	2,950,330	5,055,799
Total governmental activities program revenues	10,035,199	7,633,498	10,646,410	7,521,443	9,819,839
Business-type activities:					
Charges for services:					
Sewer	2,982,348	3,099,532	3,162,718	3,256,901	3,290,006
Water	4,809,111	5,251,795	5,720,171	5,759,774	6,718,575
Stormwater	558,777	603,673	578,854	602,574	612,193
Capital grants and contributions	41,698	39,760	929,963	35,710	-
Total business-type activities program revenues	8,391,934	8,994,760	10,391,706	9,654,959	10,620,774
Total primary government program revenues	$ 18,427,133	$ 16,628,258	$ 21,038,116	$ 17,176,402	$ 20,440,613
Net Revenue/(Expense)					
Governmental activities	$ (13,199,635)	$ (16,291,355)	$ (14,512,171)	$ (19,426,085)	$ (21,300,386)
Business-type activities	274,731	349,327	1,541,148	(677,491)	1,603,414
Total primary government net expense	$ (12,924,904)	$ (15,942,028)	$ (12,971,023)	$ (20,103,576)	$ (19,696,972)

(Continued)

CITY OF DERBY, KANSAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2021	2022	2023	2024	2025
Expenses					
Governmental activities:					
General government	$ 6,541,278	$ 8,734,946	$ 8,954,387	$ 8,951,982	$ 8,565,492
Public safety	9,176,526	9,788,103	11,257,145	13,915,831	12,730,986
Public works	8,264,061	9,047,743	9,083,102	9,092,849	9,600,175
Culture and recreation	2,815,245	3,676,191	3,227,546	3,376,703	5,322,186
Economic development	316,486	1,941,029	745,173	790,768	1,382,386
Interest on long-term debt	1,735,052	2,304,864	2,515,605	3,309,289	4,376,215
Total government activities expenses	28,848,648	35,492,876	35,782,958	39,437,422	41,977,440
Business-type activities:					
Sewer	2,972,016	2,855,681	2,747,012	3,704,862	4,363,777
Water	5,644,057	6,920,360	7,250,658	6,880,713	6,971,100
Stormwater	773,035	695,474	744,963	908,363	845,887
Total business-type activities expenses	9,389,108	10,471,515	10,742,633	11,493,938	12,180,764
Total primary government expenses	$ 38,237,756	$ 45,964,391	$ 46,525,591	$ 50,931,360	$ 54,158,204
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 1,325,057	$ 1,455,678	$ 1,156,263	$ 1,300,217	$ 1,371,668
Public safety	743,262	632,085	620,927	785,768	801,920
Public works	731,682	959,725	1,349,128	3,296,552	2,816,099
Culture and recreation	237,491	193,857	246,034	457,241	115,526
Operating grants and contributions	1,466,026	1,584,593	1,962,965	1,748,777	1,647,145
Capital grants and contributions	6,378,441	3,693,383	4,407,582	3,723,202	12,901,636
Total governmental activities program revenues	10,881,959	8,519,321	9,742,899	11,311,757	19,653,994
Business-type activities:					
Charges for services:					
Sewer	3,429,232	3,559,726	3,484,948	3,639,318	3,922,728
Water	7,053,886	8,380,506	8,447,935	8,279,852	7,687,975
Stormwater	624,991	623,513	654,386	643,660	645,494
Capital grants and contributions	-	-	-	-	26,882
Total business-type activities program revenues	11,108,109	12,563,745	12,587,269	12,562,830	12,283,079
Total primary government program revenues	$ 21,990,068	$ 21,083,066	$ 22,330,168	$ 23,874,587	$ 31,937,073
Net Revenue/(Expense)					
Governmental activities	$ (17,966,689)	$ (26,973,555)	$ (26,040,059)	$ (28,125,665)	$ (22,323,446)
Business-type activities	1,719,001	2,092,230	1,844,636	1,068,892	102,315
Total primary government net expense	$ (16,247,688)	$ (24,881,325)	$ (24,195,423)	$ (27,056,773)	$ (22,221,131)

(Continued)
CITY OF DERBY, KANSAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2016	2017	2018	2019	2020
General Revenues and Transfers					
Governmental activities:					
Taxes					
Property taxes - general	$ 10,092,153	$ 10,744,257	$ 11,294,754	$ 11,891,950	$ 12,723,203
Sales taxes	6,555,967	6,574,912	6,970,762	7,422,454	7,748,364
Franchise taxes	1,967,030	1,997,039	2,360,746	2,319,524	2,331,221
Excise taxes	25,731	18,048	18,460	21,586	20,876
Grants and contributions not restricted to specific programs	-	-	-	-	-
Gain on sale of capital assets	4,047	25,875	10,590	-	-
Unrestricted investment earnings	108,238	278,463	573,474	1,060,534	476,756
Transfers	(179,209)	(2,122,197)	168,730	(996,301)	(2,774,933)
Total governmental activities	18,573,957	17,516,397	21,397,516	21,719,747	20,525,487
Business-type activities:					
Gain on sale of capital assets	-	(13,608)	-	-	-
Unrestricted investment earnings	17,803	26,151	63,665	118,579	54,962
Transfers	179,209	2,122,197	(168,730)	996,301	2,774,933
Total business-type activities	197,012	2,134,740	(105,065)	1,114,880	2,829,895
Total primary government	$ 18,770,969	$ 19,651,137	$ 21,292,451	$ 22,834,627	$ 23,355,382
Change in Net Position					
Governmental activities	$ 5,374,322	$ 1,225,042	$ 6,885,345	$ 2,293,662	$ (774,899)
Business-type activities	471,743	2,484,067	1,436,083	437,389	4,433,309
Total primary government	$ 5,846,065	$ 3,709,109	$ 8,321,428	$ 2,731,051	$ 3,658,410

(Continued)

CITY OF DERBY, KANSAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2021	2022	2023	2024	2025
General Revenues and Transfers					
Governmental activities:					
Taxes					
Property taxes	$ 13,148,957	$ 13,725,850	$ 14,621,686	$ 15,844,564	$ 16,365,383
Sales taxes	8,942,106	9,617,791	9,818,357	10,034,525	14,486,311
Franchise taxes	2,393,182	2,877,294	2,708,423	2,680,657	2,962,365
Excise taxes	46,852	92,421	100,102	104,648	112,873
Grants and contributions not restricted to specific programs	-	-	805,973	2,921,851	-
Gain on sale of capital assets	78,700	-	109,355	-	80,175
Unrestricted investment earnings	33,773	624,184	2,390,919	3,293,201	3,316,005
Transfers	(909,733)	(1,637,853)	(751,595)	(3,796,995)	(5,175,865)
Total governmental activities	23,733,837	25,299,687	29,803,220	31,082,451	32,147,247
Business-type activities:					
Gain on sale of capital assets	-	-	-	79,174	-
Unrestricted investment earnings	4,188	72,108	272,881	702,051	1,231,346
Transfers	909,733	1,637,853	751,595	3,796,995	5,175,865
Total business-type activities	913,921	1,709,961	1,024,476	4,578,220	6,407,211
Total primary government	$ 24,647,758	$ 27,009,648	$ 30,827,696	$ 35,660,671	$ 38,554,458
Change in Net Position					
Governmental activities	$ 5,767,148	$ (1,019,248)	$ 3,763,161	$ 2,956,785	$ 9,823,801
Business-type activities	2,632,922	3,802,191	2,869,112	5,647,112	6,509,526
Total primary government	$ 8,400,070	$ 2,782,943	$ 6,632,273	$ 8,603,897	$ 16,333,327

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

	2016	2017	2018	2019	2020
General fund					
Nonspendable	$ 250,646	$ 326,159	$ 348,621	$ 357,627	$ 257,620
Assigned	1,648,394	2,086,983	1,891,919	1,961,123	1,927,520
Unassigned	8,422,593	9,549,018	10,532,329	11,445,266	12,519,786
Total general fund	$ 10,321,633	$ 11,962,160	$ 12,772,869	$ 13,764,016	$ 14,704,926
All other governmental funds					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	6,405,520	9,103,122	15,758,314	13,979,282	15,853,031
Assigned	1,342,277	1,214,692	1,087,867	1,136,832	942,616
Total all other governmental funds	$ 7,747,797	$ 10,317,814	$ 16,846,181	$ 15,116,114	$ 16,795,647

	2021	2022	2023	2024	2025
General fund					
Nonspendable	$ 309,337	$ 255,122	$ 300,940	$ 273,302	$ 1,315,640
Assigned	2,188,205	3,576,132	3,298,451	3,082,070	2,272,758
Unassigned	11,790,546	12,180,669	12,303,179	13,274,190	15,886,788
Total general fund	$ 14,288,088	$ 16,011,923	$ 15,902,570	$ 16,629,562	$ 19,475,186
All other governmental funds					
Nonspendable	$ -	$ 1,478,000	$ 2,342,087	$ 864,087	$ 864,087
Restricted	12,842,829	23,364,402	32,146,317	37,023,344	54,576,575
Assigned	866,584	999,054	1,142,290	1,472,826	1,254,722
Total all other governmental funds	$ 13,709,413	$ 25,841,456	$ 35,630,694	$ 39,360,257	$ 56,695,384

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

	2016	2017	2018	2019	2020
Revenues					
Taxes:					
Property	$ 10,092,153	$ 10,744,257	$ 11,294,754	$ 11,891,950	$ 12,723,203
Excise	25,731	18,048	18,460	21,586	20,876
Sales	6,555,967	6,574,912	6,970,762	7,422,454	7,748,364
Franchise	1,967,030	1,997,039	2,360,746	2,319,524	2,331,221
Special assessments	3,862,017	3,745,878	3,691,226	3,539,077	3,895,582
Intergovernmental	1,503,968	1,679,956	1,565,344	1,649,716	2,198,840
Licenses and permits	414,531	646,612	471,649	672,927	493,494
Charges for services	307,493	530,879	376,653	464,417	286,579
Fines and fees	739,194	800,015	779,638	843,861	698,028
Investment earnings	108,238	278,463	573,474	1,060,535	476,756
Miscellaneous	911,346	943,852	1,023,707	1,285,556	1,251,173
Total revenues	26,487,668	27,959,911	29,126,413	31,171,603	32,124,116
Expenditures					
General government	7,301,623	7,697,476	6,001,631	6,594,963	5,848,216
Public works	3,306,997	3,433,333	3,781,531	3,772,442	4,260,345
Public safety	4,824,089	4,922,062	7,101,767	7,612,141	7,843,728
Culture and recreation	1,202,081	1,346,478	1,638,390	1,374,470	1,858,828
Economic development	390,061	372,322	371,905	384,831	346,235
Debt service					
Principal	5,909,759	6,036,009	6,035,459	13,872,209	12,758,562
Interest and fiscal charges	1,549,600	1,548,588	1,849,827	2,133,516	2,095,706
Debt issuance costs	172,610	268,954	315,121	270,973	309,744
Capital outlay	5,911,465	7,496,574	9,607,941	13,311,867	9,470,688
Total expenditures	30,568,285	33,121,796	36,703,572	49,327,412	44,792,052
Deficiency of revenues under expenditures	(4,080,617)	(5,161,885)	(7,577,159)	(18,155,809)	(12,667,936)
Other Financing Sources (Uses)					
Transfers in (out), net	350,600	359,000	360,634	3,173	-
Sale of general capital assets	-	-	-	25,512	7,872
Leases issued	-	-	-	-	-
Subscriptions issued	-	-	-	-	-
General obligation bonds issued	1,275,000	7,405,000	12,490,000	14,211,960	3,990,000
Premium on general obligation bonds issued	251,322	153,429	447,467	1,201,244	445,507
Discount on general obligation bonds issued	-	-	-	-	-
General obligation refunding bonds issued	4,485,000	-	-	-	3,415,000
Premium on general obligation refund bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	(1,307,859)	-	-	-	-
Sales tax special obligation revenue bonds issued	-	-	-	-	575,000
Temporary notes issued	1,470,000	3,905,000	4,635,000	1,975,000	6,855,000
Premium on temporary notes issued	-	-	-	-	-
Payment to refund temporary notes	(3,810,000)	(2,450,000)	(3,480,000)	-	-
Total other financing sources (uses)	2,714,063	9,372,429	14,453,101	17,416,889	15,288,379
Net change in fund balance	$ (1,366,554)	$ 4,210,544	$ 6,875,942	$ (738,920)	$ 2,620,443
Debt service as a percentage of noncapital expenditures	28.81%	26.60%	28.99%	42.57%	36.00%

(Continued)

(Continued)

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

	2021	2022	2023	2024	2025
Revenues					
Taxes:					
Property	$ 13,148,957	$ 13,725,850	$ 14,621,686	$ 15,844,564	$ 16,365,383
Excise	46,852	92,421	100,102	104,648	112,873
Sales	8,942,106	9,617,791	9,818,357	10,034,525	14,486,311
Franchise	2,393,182	2,877,294	2,708,423	2,680,657	2,962,365
Special assessments	3,172,852	3,116,984	3,211,581	3,093,354	2,479,236
Intergovernmental	1,557,400	1,614,839	2,548,833	4,798,941	1,598,374
Licenses and permits	608,309	663,924	494,738	556,257	641,867
Charges for services	456,976	439,066	356,140	406,875	477,622
Fines and fees	720,487	665,888	666,137	806,082	777,947
Investment earnings	33,774	624,184	2,390,919	3,293,201	3,316,006
Miscellaneous	1,481,527	1,736,066	2,358,921	4,310,954	3,463,431
Total revenues	32,562,422	35,174,307	39,275,837	45,930,058	46,681,415
Expenditures					
General government	5,636,476	6,338,280	7,373,568	7,631,676	7,812,783
Public works	4,334,368	5,136,852	4,437,837	4,577,263	5,002,587
Public safety	8,363,779	8,970,431	9,364,907	10,352,043	11,381,408
Culture and recreation	1,991,010	2,251,752	2,251,272	2,518,788	2,642,141
Economic development	316,486	1,941,028	761,036	762,603	1,376,568
Debt service					
Principal	12,822,662	8,034,735	10,518,740	10,129,084	17,199,693
Interest and fiscal charges	1,898,533	1,859,788	2,438,259	3,281,366	3,868,707
Debt issuance costs	245,379	426,403	161,732	260,776	799,883
Capital outlay	6,142,158	5,217,748	10,397,797	16,869,145	30,171,443
Total expenditures	41,750,851	40,177,017	47,705,148	56,382,744	80,255,213
Deficiency of revenues under expenditures	(9,188,429)	(5,002,710)	(8,429,311)	(10,452,686)	(33,573,798)
Other Financing Sources (Uses)					
Transfers in (out), net	396,428	-	-	-	124,000
Sale of general capital assets	-	61,044	38,975	20,463	80,415
Leases issued	-	-	3,876	195,048	1,452,634
Subscriptions issued	-	-	426,977	37,177	123,050
General obligation bonds issued	4,620,000	2,130,000	6,347,814	2,860,000	33,692,439
Premium on general obligation bonds issued	331,788	65,377	541,554	316,553	2,467,011
Discount on general obligation bonds issued	(9,797)	(435,982)	-	-	-
General obligation refunding bonds issued	2,720,000	-	-	-	-
Premium on general obligation refund bonds issued	271,710	-	-	-	-
Payment to refunding bond escrow agent	(6,485,294)	-	-	-	-
Sales tax special obligation revenue bonds issued	-	14,114,000	-	-	-
Temporary notes issued	3,835,000	2,910,000	10,750,000	11,480,000	15,815,000
Premium on temporary notes issued	5,522	-	-	-	-
Payment to refund temporary notes	-	-	-	-	-
Total other financing sources (uses)	5,685,357	18,844,439	18,109,196	14,909,241	53,754,549
Net change in fund balance	$ (3,503,072)	$ 13,841,729	$ 9,679,885	$ 4,456,555	$ 20,180,751
Debt service as a percentage of noncapital expenditures	39.93%	26.97%	34.73%	33.94%	42.07%

(Continued)

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
2016	$ 346,611,750	$ 3,651,687	$ 4,930,888	$ 151,779,486	$ 203,414,839	$ 48.021	$1,622,937,503	12.53%
2017	375,018,590	3,072,651	5,307,594	175,637,615	207,761,220	48.075	1,694,655,711	12.26%
2018	394,029,436	3,010,975	5,697,575	181,982,343	220,755,643	48.063	1,792,088,075	12.32%
2019	420,173,053	3,009,709	6,044,633	191,405,045	237,822,350	48.049	1,916,336,797	12.41%
2020	450,141,884	3,227,016	6,357,574	206,391,784	253,334,690	48.040	2,050,569,002	12.35%
2021	482,977,847	3,424,149	6,895,573	229,079,101	264,218,468	47.417	2,174,145,015	12.15%
2022	512,814,900	4,531,686	7,401,076	238,612,411	286,135,251	46.978	2,357,762,940	12.14%
2023	595,706,615	4,763,324	7,322,592	289,113,223	318,679,308	46.068	2,664,814,824	11.96%
2024	621,426,812	3,604,328	7,233,787	294,013,383	338,251,544	45.498	2,824,202,349	11.98%
2025	649,841,367	3,477,350	7,605,727	298,422,393	362,502,051	44.996	3,025,624,177	11.98%

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

	City Direct Rates				Overlapping Rates				
Fiscal Year	General Rate	Debt Service	Misc	Total Direct Rate	El Paso Cemetery	USD 260	Sedgwick County	State of Kansas	Total
2016	$ 33.870	$ 9.539	$ 4.612	$ 48.021	$ 1.053	$ 59.433	$ 29.393	$ 1.500	$139.400
2017	31.916	11.543	4.616	48.075	1.036	60.684	29.393	1.500	140.688
2018	31.908	11.540	4.615	48.063	1.025	65.699	29.383	1.500	145.670
2019	31.900	11.535	4.614	48.049	1.016	66.004	29.384	1.500	145.953
2020	31.428	11.999	4.613	48.040	0.988	65.888	29.376	1.500	145.792
2021	36.107	6.722	4.588	47.417	0.844	66.272	29.370	1.500	145.403
2022	36.578	5.838	4.562	46.978	0.780	66.272	29.368	1.500	144.898
2023	35.847	5.650	4.571	46.068	0.697	65.296	28.988	1.500	142.549
2024	35.177	5.750	4.571	45.498	1.642	64.914	28.701	1.500	142.255
2025	34.675	5.750	4.571	44.996	1.522	65.019	27.567	1.500	140.604

Source: Sedgwick County Clerk's Office

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

	2025			2016		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Greens At Derby The/Greens At Derby II	$ 4,862,673	1	1.44%	$ 3,772,002	3	1.85%
EVERGY KANSAS SOUTH INC[1]	4,378,887	2	1.29%	2,507,960	5	1.23%
The Trails at Derby	4,288,650	3	1.27%			
CBC Derby LLC/CBC Derby MOB 2 LLC	4,135,400	4	1.22%			
Wal-Mart Real Estate Business Trust	3,678,518	5	1.09%	4,411,025	2	2.17%
Silver Derby LLC	3,396,050	6				
Fairways At Derby LP	2,885,191	7	0.85%	2,148,662	6	1.06%
RCG-DERBY PM LLC	2,541,700	8	0.75%			
Kansas Gas Service - Div of Oneok	2,333,415	9	0.69%	1,358,053	10	0.67%
Lowes Home Centers Inc	2,070,479	10	0.61%	1,718,800	8	0.84%
Dillon Companies Inc				2,863,611	4	1.41%
Derby Marketplace LC				7,773,095	1	3.82%
Target Corp				1,851,750	7	0.91%
Kohl's Illinois Inc				1,647,050	9	0.81%
Total	$ 34,570,963		9.22%	$ 30,052,008		14.77%

Source: Sedgwick County Clerk's Office

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

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
2016	$8,918,124	$8,725,484	97.84%	$ 84,148	$8,809,632	98.78%	$ 192,640	2.16%
2017	9,774,096	9,360,167	95.77%	124,766	9,484,933	97.04%	413,929	4.23%
2018	9,996,339	9,840,111	98.44%	149,823	9,989,934	99.94%	156,228	1.56%
2019	10,618,790	10,471,927	98.62%	152,172	10,624,099	100.05%	146,863	1.38%
2020	11,436,058	11,278,324	98.62%	124,962	11,403,286	99.71%	157,734	1.38%
2021	12,184,022	11,859,983	97.34%	138,475	11,998,458	98.48%	324,039	2.66%
2022	12,543,427	12,341,341	98.39%	65,120	12,406,461	98.91%	202,086	1.61%
2023	13,451,259	13,215,888	98.25%	96,106	13,311,994	98.96%	235,371	1.75%
2024	14,728,848	14,349,838	97.43%	98,156	14,447,994	98.09%	379,010	2.57%
2025	15,401,652	14,849,484	96.41%	177,412	15,026,896	97.57%	552,168	3.59%

Source: Sedgwick County Treasurer's Office

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

	2016	2017	2018	2019	2020
Legal debt limit	$ 106,558,298	$ 115,019,651	$ 120,821,396	$ 128,768,219	$ 137,917,942
Total net debt applicable to debt limit	57,416,943	58,030,747	66,881,676	66,477,397	66,053,789
Legal debt margin	$ 49,141,355	$ 56,988,904	$ 53,939,720	$ 62,290,822	$ 71,864,153
Legal debt margin as a percentage of debt lim	46.12%	49.55%	44.64%	48.37%	52.11%

	2021	2022	2023	2024	2025
Legal debt limit	$ 147,989,271	$ 152,024,299	$ 182,337,759	$ 189,679,478	$ 198,277,333
Total net debt applicable to debt limit	58,530,204	54,152,976	72,119,658	69,289,719	67,225,371
Legal debt margin	$ 89,459,067	$ 97,871,323	$ 110,218,101	$ 120,389,759	$ 131,051,962
Legal debt margin as a percentage of debt lim	60.45%	64.38%	60.45%	63.47%	66.10%

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	$ 362,502,051
Add back: exempt real property	298,422,393
Total assessed value	$ 660,924,444
Debt limit (30% of total assessed value)	$ 198,277,333
Debt applicable to limit:	
General obligation bonds	$ 119,485,001
Temporary notes	27,295,000
Less: Debt not applicable to limit	(79,554,630)
Total net debt applicable to limit	$ 67,225,371

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

	Governmental Activities					
Fiscal Year	General Obligation Bonds[1]	Sales Tax Obligation Bonds[1]	Temporary Notes	Certificates of Participation	Leases Payable	Subscriptions Payable
2016	$ 54,097,496	$ -	$ 1,470,000	$ -	$ -	$ -
2017	55,493,643	-	2,925,000	-	-	-
2018	62,339,797	740,400	4,080,000	-	-	-
2019	64,084,826	529,200	5,845,000	-	-	-
2020	64,967,933	908,800	6,855,000	-	-	-
2021	58,605,402	679,400	5,435,000	-	-	-
2022	54,742,345	14,102,063	6,360,000	-	577,683	-
2023	55,648,389	13,919,572	12,630,000	-	412,422	305,789
2024	52,826,744	11,608,481	22,230,000	-	456,126	206,784
2025	84,675,845	9,424,190	27,295,000	-	1,617,302	141,540

	Business-Type Activities						
Fiscal Year	Revolving Loan	General Obligation Bonds[1]	Subscriptions Payable	Leases Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2016	$ 1,166,864	$ 5,430,410	$ -	$ -	$ 62,164,770	N/A	$ 2,644
2017	1,104,853	4,554,984	-	-	64,078,480	N/A	2,711
2018	1,041,220	7,488,622	-	-	75,690,039	N/A	3,184
2019	975,921	6,424,015	-	-	77,858,962	N/A	3,150
2020	908,914	5,508,876	-	-	79,149,523	N/A	3,173
2021	840,153	4,548,837	-	-	70,108,792	N/A	2,736
2022	769,592	3,571,367	-	-	80,123,050	N/A	3,100
2023	697,186	8,909,832	66,596	-	92,589,786	N/A	3,570
2024	662,884	24,877,221	34,734	164,567	113,067,541	N/A	4,310
2025	546,638	41,497,710	56,982	155,366	165,410,573	N/A	6,218

[1] Presented net of original issuance discounts and premiums

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[1]	Less: Amounts Available in Debt Service Fund	Total	Taxable Value	Percentage of Estimated Actual Taxable Value of Property	Population	Per Capita
2016	$ 58,150,000	$ 733,057	$ 57,416,943	$ 203,414,839	28.23%	23,509	$ 2,442
2017	60,048,627	634,253	59,414,374	207,761,220	28.60%	23,633	2,514
2018	69,828,419	928,324	68,900,095	220,755,643	31.21%	23,771	2,898
2019	70,508,841	947,603	69,561,238	237,822,350	29.25%	24,721	2,814
2020	70,476,809	1,221,211	69,255,598	253,334,690	27.34%	24,943	2,777
2021	63,154,239	1,469,796	61,684,443	264,218,468	23.35%	25,625	2,407
2022	58,313,712	1,292,024	57,021,688	286,135,251	19.93%	25,847	2,206
2023	64,558,221	1,520,342	63,037,879	318,679,308	19.78%	25,939	2,430
2024	77,703,965	1,351,958	76,352,007	338,251,544	22.57%	26,233	2,911
2025	126,173,555	1,622,278	124,551,277	362,502,051	34.36%	26,604	4,682

[1] This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

CITY OF DERBY, KANSAS
GOVERNMENTAL ACTIVITIES DIRECT AND OVERLAPPING DEBT
December 31, 2025

	Debt		City's Share		
Taxing Body	Amount	As of Date	Percent	Amount	Per Capita
Estimated overlapping debt:					
Sedgwick County	$ 42,080,000	12/31/2025	4.80%	$ 2,021,304	$ 77
USD No. 260	148,410,000	12/31/2025	60.22%	89,373,260	3,407
USD No. 263	-	12/31/2025	5.25%	-	-
Total overlapping debt	190,490,000			91,394,564	3,484
City of Derby direct debt[1]	123,153,877	12/31/2025	100.00%	123,153,877	4,695
Direct and estimated overlapping debt	$ 313,643,877	12/31/2025		$ 214,548,441	$ 8,179

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

[1] Presented net of original issuance discounts and premiums

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

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

Fiscal Year	City Population[1]	County Total Personal Income[2] (000's omitted)	County Population[1]	County Per Capita Income[2]	City School Enrollment[3]	Unemployment Rate[2] (Sedgwick County)
2016	23,509	$ 25,197,029	512,641	$ 42,858	6,925	4.5%
2017	23,633	Not Available	513,687	Not Available	6,645	3.4%
2018[4]	23,771	Not Available	525,294	Not Available	7,411	3.4%
2019[4]	24,721	Not Available	516,042	Not Available	7,240	3.3%
2020	24,943	Not Available	518,600	Not Available	7,225	5.2%
2021	25,625	Not Available	521,158	Not Available	7,211	3.2%
2022	25,847	Not Available	527,314	Not Available	7,128	3.3%
2023	25,939	Not Available	528,469	Not Available	6,867	3.5%
2024	26,233	Not Available	536,081	Not Available	7,425	3.8%
2025	26,604	Not Available	536,081	Not Available	7,326	3.8%

[1] Bureau of the Census

[2] US Bureau of Labor Statistics, Sedgwick County

[3] Kansas State Department of Education/Derby School District

[4] In 2018 and 2019, Bureau of the Census and US Bureau of Labor Statistics data unavailable, ESRI numbers

CITY OF DERBY, KANSAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2025			2016		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
USD 260	1,298	1	15.35%	1,056	1	18.37%
Walmart	366	2	4.33%	255	2	4.44%
Dillons	326	3	3.85%	181	4	3.15%
City of Derby	251	4	2.97%	209	3	3.64%
Derby Recreation Commission	228	5	2.70%	104	7	1.81%
Lowe's Home Improvement	131	6	1.55%	107	6	1.86%
Target	115	7	1.36%			
Buffalo Wild Wings Grill & Bar	110	8	1.30%			
BG Automation	106	9	1.25%			
Morgan's Steakhouse	100	10	1.18%			
Shared Services, a division of Wal Mart[1]				110	5	1.91%
Derby Health & Rehab				96	8	1.67%
Westview of Derby[2]				76	9	1.32%
Kohl's				62	10	1.08%
Total City Employment (est.)	8,457			5,747		

Note: Derby Finance Office

[1] Shared Services, a division of Wal Mart closed
[2] Previously Westview Manor

CITY OF DERBY, KANSAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2016	2017	2018	2019	2020
General Government					
Administration & Operations	11	11	12	25.8	27.3
Finance	11.5	11.5	11.5	11.5	11.5
Operations	14.7	14.7	14.7	-	-
Planning & Engineering	11.5	11.5	12	12	12
Public Safety					
Police	56.5	56.5	57.5	58.5	60.9
Animal Control	1.5	1.5	1.5	1.5	1.5
Fire	24.6	24.6	24.6	27.7	27.8
Public Works	35	35	35	35	39
Stormwater	1.5	1.5	1.5	1.5	1.5
Water	10.7	10.7	10.7	10.7	10.7
Wastewater	11	11	12	12	12
Total	189.5	189.5	193.0	196	204.2

Function/Program	2021	2022	2023	2024	2025
General Government					
Administration & Operations	34.7	28.5	28.02	27.85	28.85
Finance	6.0	12.7	10.48	10.48	10.48
Operations	-	-	-	-	-
Planning & Engineering	12.5	12.5	14.86	15.86	15.86
Public Safety					
Police	60.9	61.9	62.44	62.92	63.92
Animal Control	1.5	1.5	1.48	1.48	1.48
Fire	27.8	27.8	33.83	36.93	36.93
Public Works	39	39	42.48	43.48	47.48
Stormwater	1.5	1.5	2	2	2
Water	10.7	10.7	10	10	10
Wastewater	12	12	11	11	11
Total	206.6	208.1	216.6	222.00	228.00

Source: City of Derby Operating Budgets

Note: 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

	Fiscal Year				
Program/Function	2016	2017	2018	2019	2020
Police					
Dispatched Calls	25,023	23,538	25,631	25,518	25,848
Offenses	3,035	3,204	2,883	2,686	2,635
Offenses Cleared	1,309	1,412	1,409	1,268	1,234
Arrests	1,093	1,182	1,161	1,048	1,033
Serious Offenses	550	582	564	454	515
Fire					
Emergency Responses	2,469	2,117	2,193	2,205	2,045
First Responder/Medical	1,666	1,350	1,364	1,159	1,214
Life Safety Inspections	646	640	390	449	140
Water					
New Connections	77	156	82	60	75
Water Main Breaks	15	16	31	21	31
Average Daily Consumption	1,994,803	2,618,767	2,208,935	1,911,351	2,144,976
Peak Daily Consumption	4,728,856	7,133,676	4,577,760	4,071,364	4,355,392
Wastewater					
Average Daily Sewage Treatment	2,081,000	1,870,000	1,830,000	1,970,000	1,940,000

	Fiscal Year				
Program/Function	2021	2022	2023	2024	2025
Police					
Dispatched Calls	26,453	24,485	22,532	24,132	23,954
Offenses	2,964	2,667	1,801	1,939	1,880
Offenses Cleared	1,632	1,617	1,407	1,537	1,481
Arrests	1,264	1,334	1,096	1,335	1,146
Serious Offenses	562	634	498	726	404
Fire					
Emergency Responses	2,307	2,764	2,532	2,700	2,772
First Responder/Medical	1,232	1,363	1,492	1,477	1,574
Life Safety Inspections	479	440	452	519	338
Water					
New Connections	69	88	181	75	139
Water Main Breaks	22	30	38	24	19
Average Daily Consumption	2,071,956	2,307,935	2,232,963	2,046,706	1,623,595
Peak Daily Consumption	3,883,241	4,583,468	4,220,730	3,955,192	2,859,096
Wastewater					
Average Daily Sewage Treatment	1,870,000	1,810,000	1,780,000	1,840,000	1,860,000

Source: Various city departments

CITY OF DERBY, KANSAS
CAPITAL ASSET STATISTICS BY PROGRAM/FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year				
Program/Function	2016	2017	2018	2019	2020
Police					
Stations	1	1	1	1	1
Patrol units	18	18	18	18	18
Fire Stations	2	2	2	2	2
Public Works					
Streets (lane miles)	329	333	335	336	341
Traffic Signals	19	19	19	22	23
Culture and Recreation					
Acreage	392	392	392	392	390
Playgrounds	20	20	20	20	21
Baseball/Softball diamonds	19	19	19	19	16
Aquatic Park	1	1	1	1	1
Water					
Water Meter Station	1	1	1	1	1
Water mains (miles)	140	144	145	146	150
Fire hydrants	1,061	1,117	1,132	1,144	1,182
Storage capacity (000's gal)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Wastewater					
Sanitary Sewers (miles)	127	131	131	133	135
Storm Sewer (combined, miles)	53	55	55	56	57
Treatment capacity, gal per day	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

	Fiscal Year				
Program/Function	2021	2022	2023	2024	2025
Police					
Stations	1	1	1	1	1
Patrol units	18	18	19	21	22
Fire Stations	2	2	2	2	2
Public Works					
Streets (lane miles)	347	358	361	362	367
Traffic Signals	23	23	23	23	24
Culture and Recreation					
Acreage	390	390	390	390	390
Playgrounds	21	19	19	19	19
Baseball/Softball diamonds	16	16	16	16	16
Aquatic Park	1	1	1	1	1
Water					
Water Meter Station	1	1	1	1	1
Water mains (miles)	153	155	155	157	159
Fire hydrants	1,200	1,218	1,227	1,234	1,264
Storage capacity (000's gal)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Wastewater					
Sanitary Sewers (miles)	137	138	140	142	145
Storm Sewe r(combined, miles)	60	60	61	61	63
Treatment capacity, gal per day	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

Source: City of Derby GIS

CITY OF DERBY, KANSAS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2025

Financial Statement Finding 2025-001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Repeat Finding: Yes

Condition: During the course of the audit, material adjusting journal entries were required to be made to the trial balances presented to us at the beginning of the audit for both the City and the Library.

Criteria: The financial statements are the responsibility of management. As such, the City's internal controls over the trial balances and financial statements should identify misstatements.

Cause: The internal controls in place failed to ensure that the trial balances were materially correct before the audit began.

Effect: There is a potential that the trial balances and financial statements may be materially misstated.

Recommendation: We recommend that the City review its trial balances at year end to ensure that all adjustments have been made.

Management's Response/Corrective Action Plan (Unaudited): We agree that adjusting journal entries were required during the audit. City and Library staff will continue to improve the written procedures to prepare for the audit and continue to review the trial balance at year end to ensure that correct adjustments have been made.

Planned Completion Date: December 31, 2026

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

The Honorable Mayor and City Council
City of Derby, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 13, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during the audit, we did not identify any deficiencies in internal control that we considered to be material weaknesses. We identified a certain deficiency in internal control, described in the schedule of findings and responses as Finding 2025-001, which we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Swindoll, Janzen, Hawk & Loyd, LLC

July 13, 2026
Topeka, Kansas