City of Derby, Kansas

Annual Comprehensive Financial Report

For the year ended December 31, 2022



DERBY

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CITY OF DERBY, KANSAS

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Prepared by:

Finance Department
City of Derby, Kansas

CITY OF DERBY, KANSAS
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
Year Ended December 31, 2022

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May 17, 2023

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, 2022 is hereby submitted for your review. Responsibility for the accuracy of the data presented, the completeness and fairness of the presentation, including all disclosures, rests with the City. A comprehensive framework of internal control has been established but because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Kansas statutes require an annual audit of the books of accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants. The firm of BT&Co., P.A. has performed the audit this year, and their report on the December 31, 2022 financial statements is located at the front of the Financial Section and in the compliance section of this report.

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

The Reporting Entity and Its Services

The City of Derby, Kansas is in Sedgwick County, located approximately three and one-half miles south of Wichita in south central Kansas. The City encompassed approximately 10.3 square miles and had an estimated population of 25,847 in 2022.

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 647,000 residents.

Derby supports more than 580 businesses, ranging from modest home-based businesses to companies like BRG Precision Products, manufacturer of electronics and custom digital clocks, and Mid Continent Controls, manufacturer of cabin management and in-flight entertainment systems for business jets. The City's economy is strongest in the construction industry, followed closely by retail, finance/insurance/real estate, and health-care related activities. Aircraft manufacturers Spirit AeroSystems and Textron Aviation (Cessna and Beechcraft) provide jobs for a significant portion of the community's residents, as does Derby Public Schools.

Derby's strong pattern of residential growth continues to attract restaurants, retailers, and educational institutions. Derby Marketplace continues to be anchored by major retailers Target and Dillon's Marketplace, along with Petco, Hobby Lobby, TJ Maxx, Ross Dress for Less, Chick-Fil-A, Discount Tire and other retailers and service providers. With nearly 600,000 square feet of retail space, the Derby Marketplace will continue to expand as leases are signed with restaurants and retailers. These businesses

will contribute to city-wide sales tax revenue in 2023 and stable property tax revenue in 2024 which helps fund most other City services, as well as programs of the Derby Recreation Commission.

Rock Regional Hospital, a 90,000 square-foot acute care hospital opened in the STAR Bond district in April 2019, and is located immediately north of Field Station: Dinosaurs (a privately owned entertainment destination for kids ages 3 – 11). Another STAR Bond project (second phase of $ 14.375 million) was used to construct The Sandbox, a multi-sport attraction featuring indoor and outdoor courts for pickleball and sand volleyball, and infrastructure mostly east of Rock Road. The Sandbox opened in December 2022.

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 2022 assessed valuation which funds the 2023 operating budget, grew by 8.3%. Residential building permits remained strong in 2022 due to construction in Northbrook, Cedar Ranch, Rolling Ridge and Decarsky additions. The value of residential building permits increased 16% compared to 2022 and is expected to continue with moderate growth. Non-residential building permits dropped in 2022 but 2021 was higher than usual due to the construction of a church and school remodels associated with a Derby Public Schools bond issue. 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 9% in 2022, which is the second largest source of revenue for the General Fund. The city-wide retail sales tax grew 5.8% in 2022 due to continued expansion of Derby's retail offerings and compensating use tax.

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

Derby's economic outlook remains positive as modest growth is projected for the next several years. Spirit Aero Systems, the world's largest tier-one aerostructures manufacturer and the state's second largest employer is located in close proximity to Derby. The company is in the process of adding more than 4,600 workers by 2024. Spirit is also looking to the future by diversifying its customers beyond Boeing.

Textron and Bombardier are two aviation companies also experiencing growth in Wichita. Bombardier recently announced Wichita would be its U.S. headquarters and they would be adding 200 jobs. Textron won a $1.4 billion contract with the U.S. Army to build helicopters. With all three of these aviation companies growing, many local subcontractors and other local suppliers and employers will begin hiring so they can keep up with demands from these three larger companies.

In 2016, McConnell Air Force Base was designated the main operations base for KC-46A tankers. The base is in a position to be a key factor in the Air Force's plans for decades to come, which has a stabilizing effect on a major segment of the regional economy. According to the Department of the Air Force, McConnell AFB had an economic impact of $ 825 million in fiscal year 2021. Derby is one of the several communities near the base that directly benefits from this economically. In 2022, an open house and airshow drew 78,000 attendees and had a $ 5 million economic impact to the region. The success of the event has been felt by the Derby community and businesses and citizens look forward to the next airshow slated for 2024. Overall, employment in the Wichita MSA appears to have stabilized from the pandemic, and retail sales tax receipts were positive in 2022 and appear to continue to be strong going forward.

Major Initiatives

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

The K15 Area Plan Phases 1 and 2 were being designed in 2022 to be constructed beginning in 2023. The City is receiving a grant of $ 6.8 million to help cover the total project cost of $ 10.9 million, and a possible TIF district is planned as well. This project involves reconstruction of the intersection at Nelson Drive and Patriot, which will enable more commercial development along Patriot and enhance traffic safety.

Development of a master plan of the wastewater treatment plant is complete, and design of the improvements is now underway. Construction of plant improvements will be done in phases over multiple years. The Capital Improvement Plan in the 2023 Budget includes an estimate of $ 30 million for construction through 2028.

Design of a water treatment facility began in 2021. Due to the size of the project, design will occur in phases over multiple years. Prior to connection to the City of Wichita water system, Derby supplied water to its residents from wells outside of the City. El Paso Water Company still owns those water rights so in 2020, the contract with the City of Wichita was renewed and amended to include the option for Derby to use those water rights by building its own water treatment plant, therefore reducing the volume of water purchased wholesale from the City of Wichita. Construction of the plant is planned to begin in 2025, with a total project cost of $ 21.25 million.

The City received a total of $ 3,806,530 of the American Rescue Plan Act (ARPA) funds in 2021-2022. When the 2022 budget was approved the plan was to use the funds to start the design process of the water and wastewater treatment plants. Now that the list of eligible government services projects was expanded for Non-entitlement units of local government (NEU's), the 2023 budget includes two street projects and a railroad Quiet Zone project.

Long-term Financial Planning

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

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

According to state law, cities of the First Class, such as Derby, may issue longer-term debt not to exceed 30 percent of total assessed valuation; however, such projects as sanitary sewer and water lines and certain intersection improvements do not count against the total "debt lid." As of December 31, 2022, Derby had outstanding debt of $ 61,805,000. When exempt projects are taken into consideration, Derby had additional debt capacity of approximately $ 64.6 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 2022 was 9.83% and is well within compliance with city policy.

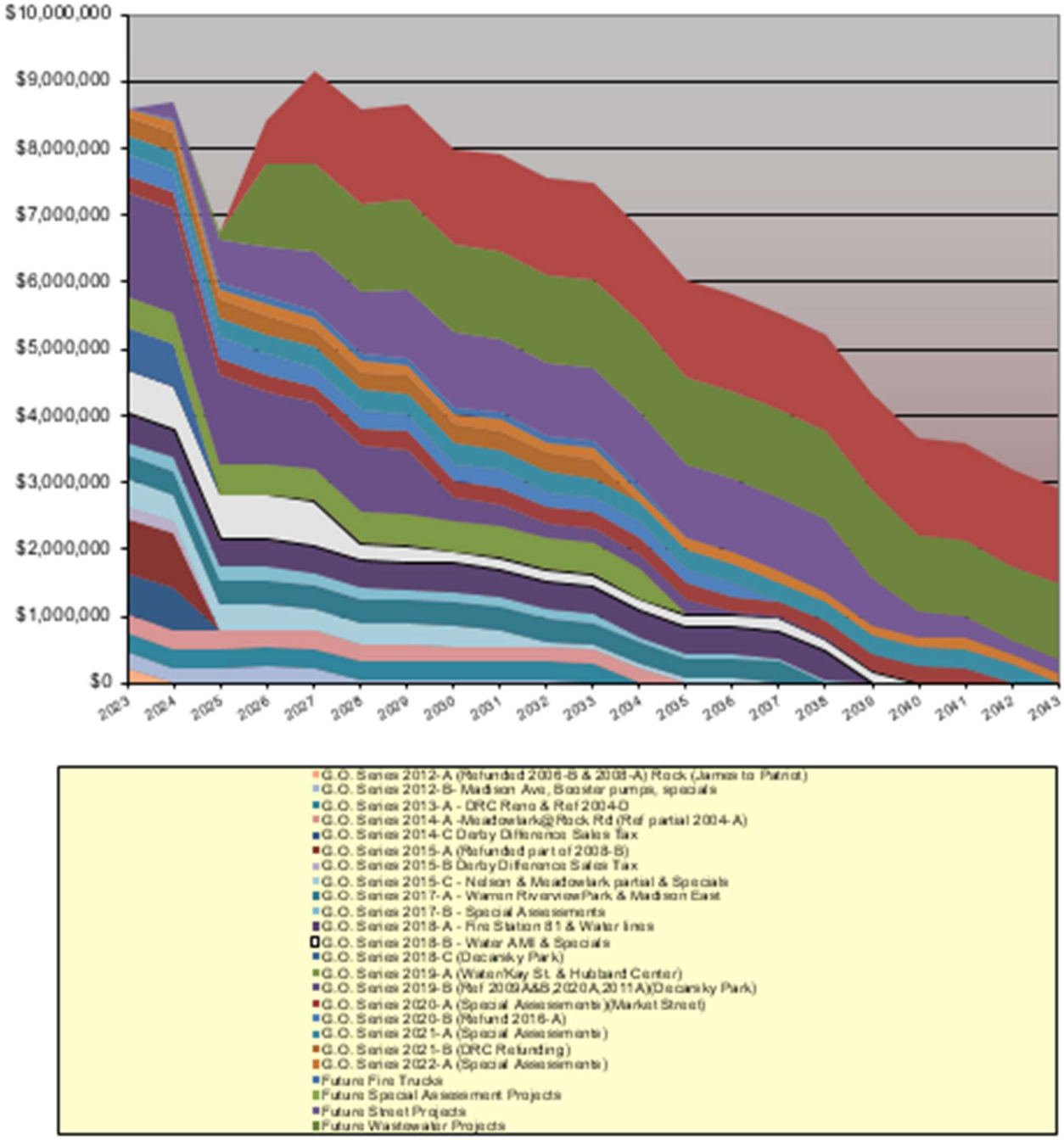
2020 was an important year in the history of Derby as it became a city of the first class on November 11, 2020 pursuant to a Proclamation by Governor Laura Kelly. Charter Ordinance 56 was subsequently adopted November 24, 2020, which generally authorizes issuance of general obligation bonds without an 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 2023 and beyond with existing outstanding bond issues. This chart illustrates an increase in total debt followed by a gradual reduction after 2027.

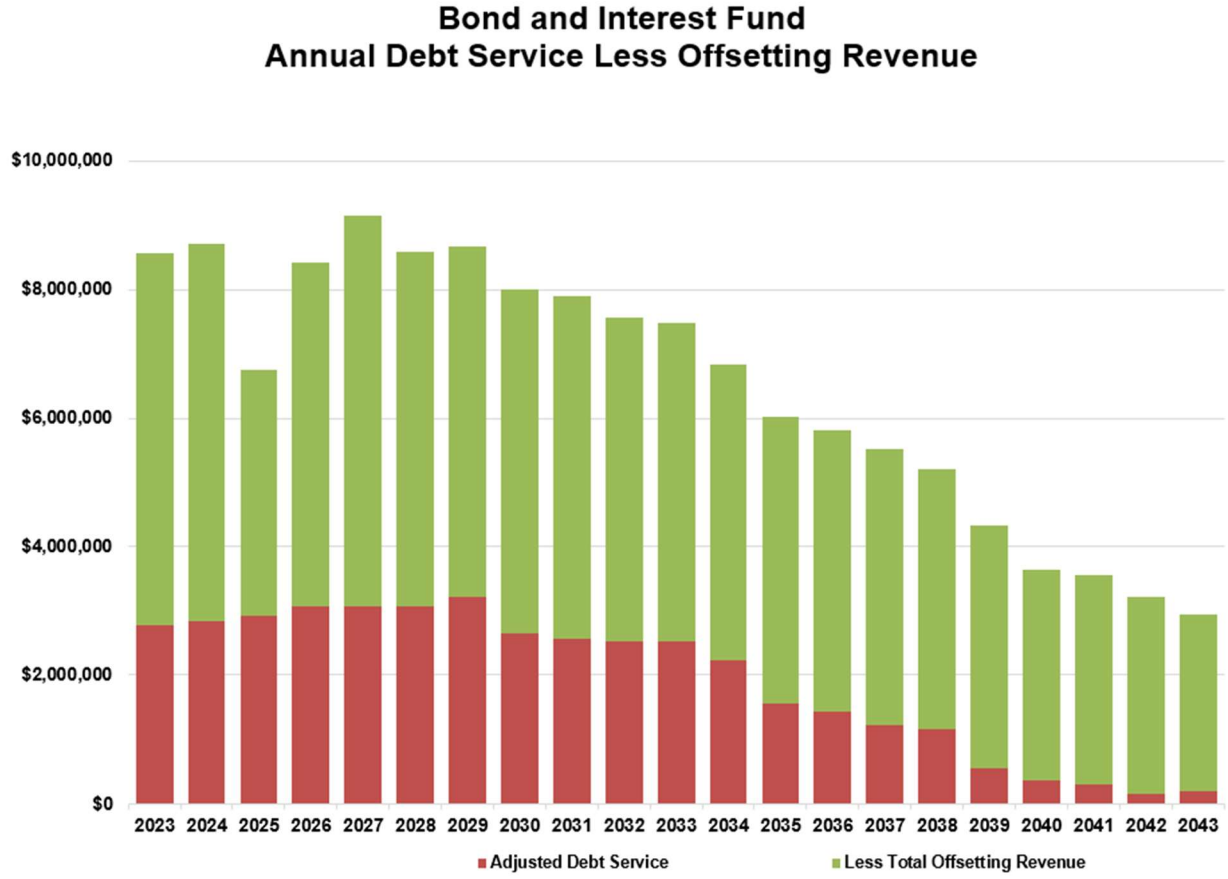
As mentioned in the prior section, development of a master plan of the wastewater treatment plant is underway. Design of the improvements is being paid with cash, whereas construction of the plant improvements will be financed with bonds paid for with sanitary sewer system revenue. Likewise with the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

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

General Obligation Debt Service Schedule
(2023-2043)



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



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, 2021. This is the 14th year that the City has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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 2023. 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.

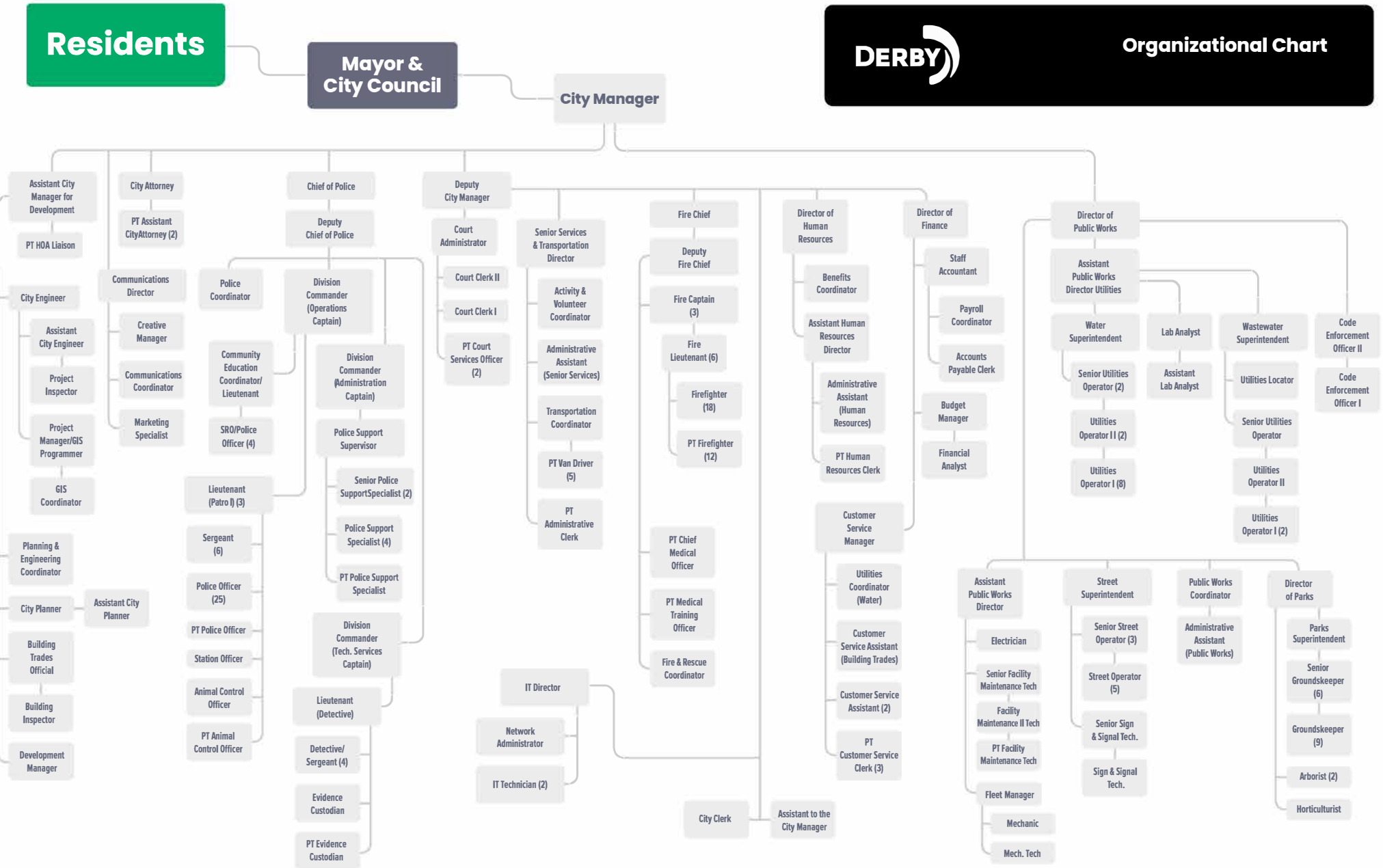
Respectfully submitted,



Kiel Mangus
City Manager



Megan Sneller
Director of Finance


Residents
Mayor & City Council
City Manager
DERBY
Organizational Chart
Assistant City Manager for Development
PT HOA Liaison
City Attorney
PT Assistant CityAttorney (2)
Chief of Police
Deputy Chief of Police
Deputy City Manager
Court Administrator
Court Clerk II
Court Clerk I
PT Court Services Officer (2)
Senior Services & Transportation Director
Activity & Volunteer Coordinator
Administrative Assistant (Senior Services)
Transportation Coordinator
PT Van Driver (5)
PT Administrative Clerk
Fire Chief
Deputy Fire Chief
Fire Captain (3)
Fire Lieutenant (6)
Firefighter (18)
PT Firefighter (12)
PT Chief Medical Officer
PT Medical Training Officer
Fire & Rescue Coordinator
Director of Human Resources
Benefits Coordinator
Assistant Human Resources Director
Administrative Assistant (Human Resources)
PT Human Resources Clerk
Director of Finance
Staff Accountant
Payroll Coordinator
Accounts Payable Clerk
Budget Manager
Financial Analyst
Director of Public Works
Assistant Public Works Director Utilities
Water Superintendent
Senior Utilities Operator (2)
Utilities Operator I I (2)
Utilities Operator I (8)
Lab Analyst
Assistant Lab Analyst
Wastewater Superintendent
Utilities Locator
Senior Utilities Operator
Utilities Operator II
Utilities Operator I (2)
Code Enforcement Officer II
Code Enforcement Officer I
City Engineer
Assistant City Engineer
Project Inspector
Project Manager/GIS Programmer
GIS Coordinator
Communications Director
Creative Manager
Communications Coordinator
Marketing Specialist
Police Coordinator
Division Commander (Operations Captain)
Community Education Coordinator/ Lieutenant
SRO/Police Officer (4)
Division Commander (Administration Captain)
Police Support Supervisor
Senior Police SupportSpecialist (2)
Police Support Specialist (4)
PT Police Support Specialist
Lieutenant (Patro l) (3)
Sergeant (6)
Police Officer (25)
PT Police Officer
Station Officer
Animal Control Officer
PT Animal Control Officer
Division Commander (Tech. Services Captain)
Lieutenant (Detective)
Detective/ Sergeant (4)
Evidence Custodian
PT Evidence Custodian
Planning & Engineering Coordinator
City Planner
Assistant City Planner
Building Trades Official
Building Inspector
Development Manager
IT Director
Network Administrator
IT Technician (2)
City Clerk
Assistant to the City Manager
Customer Service Manager
Utilities Coordinator (Water)
Customer Service Assistant (Building Trades)
Customer Service Assistant (2)
PT Customer Service Clerk (3)
Assistant Public Works Director
Electrician
Senior Facility Maintenance Tech
Facility Maintenance II Tech
PT Facility Maintenance Tech
Fleet Manager
Mechanic
Mech. Tech
Street Superintendent
Senior Street Operator (3)
Street Operator (5)
Senior Sign & Signal Tech.
Sign & Signal Tech.
Public Works Coordinator
Administrative Assistant (Public Works)
Director of Parks
Parks Superintendent
Senior Groundskeeper (6)
Groundskeeper (9)
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
Court
Senior Services
Public Transportation
City Clerk
ADA Compliance
Emergency Management
Assistant City Manager for Development
Planning & Zoning
Development Services
Building Inspection
Engineering
GIS
Public Works
Water Utilities
Parks
Streets
Code Enforcement
Neighborhood Revitalization
Fleet
Facilities
Police
Animal Control
Communications
City Attorney

Rev. 6.27.2022

City of Derby, Kansas
List of Elected and Appointed Officials
December 31, 2022

Elected Officials

Mayor	Randy White	At-Large
Council President	Nick Engle	Ward III
Councilmember	Rocky Cornejo	Ward I
Councilmember	Mike Neel	Ward I
Councilmember	Jack Hezlep	Ward II
Councilmember	Elizabeth Stanton	Ward II
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 Sneller
Director of IT	Richard Montano
Chief of Police	Robert Lee
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, 2021

Christopher P. Morrill

Executive Director/CEO

BT & Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' 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, 2022, 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, 2022, 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) and the Kansas Municipal Audit and Accounting Guide. Our responsibilities under those standards are further described in the Auditors' 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 discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. 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.

An Independently Owned Member, RSM US Alliance

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

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.

Auditors' 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 auditors' 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 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, 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.

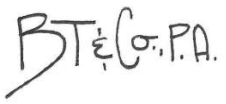
Supplementary Information

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 auditors' 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.



May 17, 2023
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, 2022. 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 2022 by $172,411,546. Of this amount, $26,904,651 of unrestricted net position may be used to meet the City's ongoing obligations.
- The City's total net position increased by $2,782,943 or 1.6%, from $169,628,603 at year-end 2021.
- At year-end 2022, the City of Derby's governmental funds reported combined ending fund balances of $41,853,379, an increase of $13,855,878 or 49.5%.
- At the end of 2022, the budgetary fund balance for the general fund was $12,773,913 or 61.2% of the general fund non-GAAP budgetary expenditures.
- The City's total bonded debt increased by $12,369,108 during 2022 to $79,353,458.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

Fund Financial Statements

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

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

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

The City of Derby maintains 20 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, six funds are presented in the combining statements of the General Fund on pages 75-77 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 elsewhere in this report.

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 – 70 of this financial report.

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

Governmental-Wide Financial Analysis

Net position may serve as a useful indicator over time of a government's financial position. Assets and deferred outflows of resources of the City of Derby exceeded liabilities and deferred inflows of resources by $172,411,546 as of December 31, 2022.

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

The largest portion of net position, $104,725,697 or 60.7%, is the investment in capital assets net of related debt. The next largest portion, $40,781,198 or 23.7% is restricted, due to project financing or bond covenants. The remaining balance of $26,904,651 or 15.6% 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 $23,291,830 or 23.85%, due to the reporting of leases amounting in $3,298,233, an increase in cash from the second tranche of the American Rescue Plan Act (ARPA) funds of $1,903,265 and increase in prepaid items and increases in receivables for special assessments and other receivables. Capital assets, net of accumulated depreciation, decreased by $3,339,200 or 1.93% as depreciation outpaced the building of infrastructure such as streets, water and sewer lines to serve residential and commercial development and city facilities. The deferred outflows of resources

increased by $2,421,712 primarily due to an increase in the KPERS liability. The increase in total liabilities in 2022 was primarily due to an increase in long-term liabilities. Long-term liabilities increased by $16,312,972 due to the issuance of more bonds and temporary notes than were redeemed. Other liabilities increased by $1,781,546 mostly due to unearned income from receipt of the second tranche of the American Rescue Plan Act (ARPA) funds.

TABLE A-1
CITY OF DERBY'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 99,466,532	$ 78,957,798	$ 21,480,305	$ 18,697,209	$ 120,946,837	$ 97,655,007
Capital assets	137,886,920	141,001,537	31,416,698	31,641,281	169,303,618	172,642,818
Total assets	237,353,452	219,959,335	52,897,003	50,338,490	290,250,455	270,297,825
Total deferred outflows of resources	6,612,115	4,345,560	463,442	308,285	7,075,557	4,653,845
Long-term liabilities	94,722,525	77,719,088	5,689,175	6,379,640	100,411,700	84,098,728
Other liabilities	6,265,598	4,331,149	477,322	630,225	6,742,920	4,961,374
Total liabilities	100,988,123	82,050,237	6,166,497	7,009,865	107,154,620	89,060,102
Total deferred inflow of resources	17,711,860	15,969,826	47,986	293,139	17,759,846	16,262,965
Net position:						
Net investment in capital assets	77,649,958	91,754,688	27,075,739	26,552,466	104,725,697	118,307,154
Restricted	40,781,198	30,340,671	-	-	40,781,198	30,340,671
Unrestricted	6,834,428	4,189,473	20,070,223	16,791,305	26,904,651	20,980,778
Total net position	$ 125,265,584	$ 126,284,832	$ 47,145,962	$ 43,343,771	$ 172,411,546	$ 169,628,603

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, 2022. Derby's net position at year-end 2022 of $172,411,546 reflects an increase of $2,782,943 or 1.64% from $169,628,603 at year-end 2021. Net position of the City's government-type activities decreased $1,019,248 or 0.8%, revenues were higher but expenditures and transfers were also higher in 2022. The City's net position for business-type activities grew $3,802,191 or 8.8% 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	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	$ 3,241,345	$ 3,037,492	$ 12,563,745	$ 11,108,109	$ 15,805,090	$ 14,145,601
Operating grants & contributions	1,584,593	1,466,026	-	-	1,584,593	1,466,026
Capital grants & contributions	3,693,383	6,378,441	-	-	3,693,383	6,378,441
General revenues:						
Property taxes	13,725,850	13,148,957	-	-	13,725,850	13,148,957
Sales taxes	9,617,791	8,942,106	-	-	9,617,791	8,942,106
Franchise taxes	2,877,294	2,393,182	-	-	2,877,294	2,393,182
Excise taxes	92,421	46,852	-	-	92,421	46,852
Gain on sale of capital assets	654,620	-	-	-	654,620	-
Investment earnings	624,184	33,773	72,108	4,188	696,292	37,961
Grants and contributions not restricted to specific programs	-	78,700	-	-	-	78,700
Total revenues	36,111,481	35,525,529	12,635,853	11,112,297	48,747,334	46,637,826
Expenses:						
General government	8,734,946	6,541,278	-	-	8,734,946	6,541,278
Public safety	9,788,103	9,176,526	-	-	9,788,103	9,176,526
Public works	9,047,743	8,264,061	-	-	9,047,743	8,264,061
Culture & recreation	3,676,191	2,815,245	-	-	3,676,191	2,815,245
Economic development	1,941,029	316,486	-	-	1,941,029	316,486
Interest on long-term debt	2,304,864	1,735,052	-	-	2,304,864	1,735,052
Sewer system	-	-	2,855,681	2,972,016	2,855,681	2,972,016
Water system	-	-	6,920,360	5,644,057	6,920,360	5,644,057
Stormwater system	-	-	695,474	773,035	695,474	773,035
Total expenses	35,492,876	28,848,648	10,471,515	9,389,108	45,964,391	38,237,756
Increases in net position before transfers	618,605	6,676,881	2,164,338	1,723,189	2,782,943	8,400,070
Transfers	(1,637,853)	(909,733)	1,637,853	909,733	-	-
Increase (decrease) in net position	(1,019,248)	5,767,148	3,802,191	2,632,922	2,782,943	8,400,070
Net position, beginning of year	126,284,832	120,517,684	43,343,771	40,710,849	169,628,603	161,228,533
Net position, end of year	$ 125,265,584	$ 126,284,832	$ 47,145,962	$ 43,343,771	$ 172,411,546	$ 169,628,603

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

- Charges for services overall increased by $1,659,489 or 11.73%.
  - Government-type charges for services increased by $203,853 as we emerged from the impact of the pandemic.
    - Building permits for residential and commercial construction were higher as housing demand increased.
    - Fees from park facility rentals, the BBQ Festival and miscellaneous permits were higher as activity continues to rebound from the pandemic.
  - The increase in business-type revenues of $1,455,636 or 13.1% occurred primarily due to an increase in water rates to offset the wholesale cost of water and increased consumption.
- Operating grants and contributions increased by $118,567 or 8.1% mostly due to FEMA COVID relief funds received in 2022.

- Capital grant revenues of governmental activities decreased in 2022 by $2,685,058 or 42.1%. Governmental capital grant revenues of $3,693,383 consist primarily of $3,116,984 of special assessments for infrastructure to serve properties throughout the City.
- Property tax revenues, our largest source of tax revenue, increased $576,893 or 4.4%, reflecting growth in the City's assessed valuation in 2022.
- Sales tax revenues consist of a county-wide and city-wide levy and increased in total $675,685 or 7.6%. County-wide sales tax receipts increased 9%, and city-wide receipts grew 5.8%.
- Interest earnings on the City's idle funds increased by $658,331 overall as the rate on short-term investments increased substantially in 2022.
- General government expenses increased $2,193,668 or 33.5% primarily due to increases in personnel costs and increased costs for commodities and contractual expenses.
- Public safety expenses increased $611,577 or 6.7% due to increased wages, equipment purchases and capital improvement projects.
- Public works expenses increased $783,682 or 9.5% primarily due to increased wages and increased costs of street and facility projects.
- Culture and recreation increased $860,946 due to increased personnel, operation and maintenance costs as well as capital improvement expenses.
- Economic development increased $1,624,543 due to STAR bond activity during the fiscal year.
- Interest on long-term debt increased by $569,812 or 32.8% reflecting the climbing interest rates in 2022.
- Sewer utility expenses decreased $116,335 or 3.9% due to less capital improvement projects in 2022 than in 2021.
- Water utility expenses increased $1,276,303 or 22.6% due to increased personnel costs and an increase in capital improvement projects.
- Stormwater utility expenses decreased $77,561 or 10% due to less capital improvement projects in 2022 than in 2021.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At December 31, 2022, the combined fund balance for governmental funds increased $13,855,878 or 49.5% to $41,853,379. Approximately 29% of this amount or $12,180,669 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 $255,122 or 0.6% and prepaid items of $1,478,000 or 3.5%, (2) restricted for particular purposes totaling $23,364,402 or 55.8%, and (3) assigned for particular purposes such as equipment, capital improvements or operation of the aquatic park, of $4,575,186 or 10.9%. 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 $13,725,850 represent the largest single source, comprising 39% of governmental fund revenue for the City. Taxes on retail sales in the amount of $9,617,791 are the next largest source of revenue at 27.3% of the City's revenues. Special assessments of $3,116,984 pay the debt service for infrastructure to serve various properties and represent 8.9% of the city's revenue in 2022. Franchise fees of $2,877,294 represent 8.2% of the revenue stream, followed by intergovernmental payments of $1,614,839 consisting of gasoline and transient guest taxes, and reimbursements which represent 4.6% of the revenue stream.

The General Fund is the chief operating fund of the City of Derby. At the end of 2022, the unassigned fund balance of the General Fund was $12,180,669. 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 56.7% of total General Fund expenditures, while the total fund balance represents 74.6% of that same amount. This percentage is unusually high due to capital projects that are planned in the near future and the assigned fund balance of $3,576,132.

The Debt Service Fund has a restricted fund balance of $1,353,231. 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 decreased from $1,469,796 in 2021 due to the maturity of several bond issuances and the decrease in expenditures from this fund.

The Capital Projects Fund has a restricted fund balance of $5,366,653. 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 $220,397 at year-end 2022 due to expenditures to construct infrastructure improvements in subdivisions and payment of temporary notes with bond proceeds. Fewer temporary notes were issued to finance improvements than bonds as projects were completed.

The STAR Bonds fund has a restricted fund balance of $12,286,919. 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 nonspendable fund balance of $1,478,000 and a restricted fund balance of $2,803,430. The primary source of revenue for the Derby Difference Sales Tax Fund is a ½-cent city-wide retailer's sales tax, which became effective January 1, 2015. The fund balance is restricted to three areas identified in the ballot question and subsequently approved by the voters and the City Council. The largest restricted portion of the fund balance of $1,958,763 is restricted for library operations. The next largest restricted portion of $825,250 is restricted for park development and payment of debt service on Madison Avenue Central Park and Decarsky Park. The smallest restricted portion of $19,417 is restricted for Derby Fire & Rescue expenses. The fund balance of the Derby Difference Sales Tax Fund increased by $152,851 as revenues exceeded expenditures. Sales tax revenues grew 9.3% and expenses dropped as we transition personnel back to the General Fund with the sunset of the sales tax approaching in 2024.

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

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

Unrestricted net position of the Water, Sewer and Stormwater Utilities at the end of 2022 totals $20,153,146. 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 $3,836,016 from $43,392,869 to $47,228,885. The increase in net position is primarily due to contribution of capital assets to the utilities and higher operating income in all of the utilities. Capital contributions consist of sanitary sewer, water lines and stormwater infrastructure to serve new residential subdivisions throughout the city including Cedar Ranch, Spring Ridge and Foxfire additions. Operating income in the utilities was higher as a result of higher sales due to increased consumption and a rate increase to offset the cost of wholesale water and sewer.

Beginning in 2012, the City established an internal service fund for partial self-funding of the City's health insurance program. At year-end 2022, the unrestricted net position of the Internal Service Fund was $1,018,800, a decrease of $399,183, primarily due to insurance claims exceeding contributions to the fund 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 2022, the unrestricted net position of the Internal Service Fund was $826,090.

General Fund Budgetary Highlights

Careful monitoring of expenditures and revenues allowed Derby to carry over $12,773,913 into 2023 (61.2% of expenditures), an increase of $402,666 over the prior year carryover. The increase in carryover occurred due to higher than anticipated revenues and lower than anticipated expenses from the 2022 revised operating budget, allowing Derby to enter 2023 with higher reserves than projected.

The largest budget variance in revenues is sales tax of $903,060. The budget was adopted in August 2021, towards the end of the worst part of the pandemic when increased demand and consumption in 2022 were uncertain. The next largest variance of investment earnings of $432,744. When the budget was adopted in August 2021, interest rates were at record lows, and it was unknown if they would start to increase again in 2022. The negative budget variance in fines and fees of $231,912 is due to a decrease in citations issued, likely due to an increase in vacant police positions in 2022.

The largest budget variance in expenditures is in public works of $1,269,921 due to lower-than-expected payroll expenses, careful monitoring of expenditures and the pavement rehabilitation program of $982,758 being reclassified from public works to capital outlay.

The second largest budget variance is in capital outlay of $960,145 since the pavement rehabilitation program was reclassified from public works to capital outlay. If this change hadn't occurred, the favorable variance total for capital outlay would have been $22,613.

The budget variances in administration and operations, law enforcement, fire and planning and engineering were also due to lower-than-expected payroll expenses and careful monitoring of expenditures. The budget variance in finance is due to an increase in personnel costs due to long-term employee retirements and an increase in contractual costs due to fleet expenses with the addition of the Fleet Management Fund in the revised 2022 budget process, which charges various funds for services.

The variance in miscellaneous and contingencies of $7,925,774 is the cash reserve for 2023 and future years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Derby's investment in capital assets for its governmental and business-type activities as of December 31, 2022 was $169,303,618 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, and right-to-use leased machinery and equipment.

Major projects undertaken during 2022 were the infrastructure to serve new phases of Spring Ridge, Foxfire and Cedar Ranch. Improvements were made to the wastewater treatment plant and design work for a water treatment facility were also done in 2022.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	$ 35,394,210	$ 35,281,959	$ 712,358	$ 712,358	$ 36,106,568	$ 35,994,317
Construction in progress	705,432	949,440	1,694,195	93,861	2,399,627	1,043,301
Buildings	21,243,271	22,072,069	1,010,160	1,436,720	22,253,431	23,508,789
Machinery and equipment	3,007,622	3,075,572	431,174	534,263	3,438,796	3,609,835
Improvements	15,794,013	16,269,595	-	-	15,794,013	16,269,595
Infrastructure	61,195,448	63,352,902	27,568,811	28,864,079	88,764,259	92,216,981
Right-to-use leased machinery and equipment	546,924	-	-	-	546,924	-
Total capital assets (net)	$ 137,886,920	$ 141,001,537	$ 31,416,698	$ 31,641,281	$ 169,303,618	$ 172,642,818

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 $79,353,458 in bonds, notes, and leases outstanding. This is an increase of $10,084,819 from $69,268,639 at the end of 2021. In 2022, $2,910,000 in temporary notes were issued to finance infrastructure in subdivisions throughout the city. Bonds totaling $2,130,000 were issued to pay off a temporary note and provide long term financing for infrastructure in Stone Creek Commercial, the Villas at Decarsky Park and Spring Ridge Additions. The special assessment bonds will be paid with special assessment revenue paid by the property owners. In 2022, $35,285,000 sales tax special obligation revenue bonds were issued for the Derby STAR Bond Project, Final Phase. The

City's proportional share of the obligation was $14,114,000 at the time of issuance. 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	
	2022	2021	2022	2021	2022	2021
General obligation bonds	$ 54,742,345	$ 58,605,402	$ 3,571,367	$ 4,548,837	$ 58,313,712	$ 63,154,239
Sales tax obligation bonds	14,102,063	679,400	-	-	14,102,063	679,400
Temporary notes	6,360,000	5,435,000	-	-	6,360,000	5,435,000
Leases	577,683	-	-	-	577,683	-
Total	$ 75,782,091	$ 64,719,802	$ 3,571,367	$ 4,548,837	$ 79,353,458	$ 69,268,639

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 approximately 580 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 (2022)	37.3 years
➢ Median Household Income (2022)	$81,311
➢ Average Household Income (2022)	$105,850
➢ Average New Home Value (2022)	$331,100
➢ Housing Units (2022)	10,750
➢ Unemployment (Wichita MSA March 2022)	3.2%

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Library Board
Assets:				
Deposits and investments	$ 32,843,574	$ 19,979,038	$ 52,822,612	$ 840,433
Restricted cash and investments	12,286,919	-	12,286,919	-
Receivables, net of allowance for uncollectibles:				
Taxes	15,440,866	-	15,440,866	-
Special assessments	33,238,095	-	33,238,095	-
Accounts	181,804	1,557,187	1,738,991	-
Interest	360,996	-	360,996	-
Leases	3,298,233	-	3,298,233	-
Inventories	255,122	23,641	278,763	-
Prepaid items	1,478,000	3,362	1,481,362	34,807
Internal balances	82,923	(82,923)	-	-
Capital assets, net of accumulated depreciation, where applicable:				
Land	5,327,500	712,358	6,039,858	-
Land - right of way	30,066,710	-	30,066,710	-
Construction in progress	705,432	1,694,195	2,399,627	-
Buildings and systems	21,243,271	1,010,160	22,253,431	-
Improvements	15,794,013		15,794,013	-
Infrastructure	61,195,448	27,568,811	88,764,259	-
Machinery and equipment	3,007,622	431,174	3,438,796	272,900
Right-to-use leased machinery and equipment	546,924	-	546,924	72,426
Total assets	237,353,452	52,897,003	290,250,455	1,220,566
Deferred outflows of resources:				
Deferred charge on refunding	42,994	-	42,994	-
Deferred outflows - OPEB	902,436	43,822	946,258	-
Deferred outflows - pension	5,666,685	419,620	6,086,305	-
Total deferred outflows of resources	6,612,115	463,442	7,075,557	-
Liabilities:				
Accounts payable	1,177,955	361,235	1,539,190	16,744
Accrued liabilities	1,040,649	74,718	1,115,367	-
Accrued interest payable	319,164	41,369	360,533	-
Unearned revenue	3,727,830	-	3,727,830	-
Noncurrent liabilities:				
Due within one year	10,185,767	574,797	10,760,564	21,043
Due in more than one year	84,536,758	5,114,378	89,651,136	51,661
Total liabilities	100,988,123	6,166,497	107,154,620	89,448
Deferred inflows of resources:				
Deferred receivable - property taxes	13,260,344	-	13,260,344	-
Deferred inflows - OPEB	1,044,080	45,402	1,089,482	-
Deferred inflows - pension	166,969	2,584	169,553	-
Deferred inflows - leases	3,240,467	-	3,240,467	-
Total deferred inflows of resources	17,711,860	47,986	17,759,846	-
Net position:				
Net investment in capital assets	77,649,958	27,075,739	104,725,697	272,622
Restricted for:				
Debt service	18,770,027	-	18,770,027	-
Capital projects and streets	6,452,414	-	6,452,414	-
Culture and recreation	13,376,701	-	13,376,701	-
Law enforcement	135,465	-	135,465	-
Fire	19,417	-	19,417	-
Library operations	2,027,174	-	2,027,174	-
Unrestricted	6,834,428	20,070,223	26,904,651	858,496
Total net position	$ 125,265,584	$ 47,145,962	$ 172,411,546	$ 1,131,118

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

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: Library Board
Primary government:								
Governmental activities:								
General government	$ 8,734,946	$ 1,455,678	$ 237,375	$ 41,900	$ (6,999,993)	$ -	$ (6,999,993)	$ -
Public safety	9,788,103	632,085	256,718	5,546	(8,893,754)	-	(8,893,754)	-
Public works	9,047,743	959,725	995,660	3,441,899	(3,650,459)	-	(3,650,459)	-
Culture and recreation	3,676,191	193,857	88,475	204,038	(3,189,821)	-	(3,189,821)	-
Economic development	1,941,029	-	6,365	-	(1,934,664)	-	(1,934,664)	-
Interest on long-term debt	2,304,864	-	-	-	(2,304,864)	-	(2,304,864)	-
Total governmental activities	35,492,876	3,241,345	1,584,593	3,693,383	(26,973,555)	-	(26,973,555)	-
Business-type activities:								
Sewer	2,855,681	3,559,726	-	-	-	704,045	704,045	-
Water	6,920,360	8,380,506	-	-	-	1,460,146	1,460,146	-
Stormwater	695,474	623,513	-	-	-	(71,961)	(71,961)	-
Total business-type activities	10,471,515	12,563,745	-	-	-	2,092,230	2,092,230	-
Total primary government	$ 45,964,391	$ 15,805,090	$ 1,584,593	$ 3,693,383	(26,973,555)	2,092,230	(24,881,325)	-
Component unit:								
Library Board	$ 669,503	$ 137,068	$ 195,865	$ -				(336,570)
General revenues:								
Property taxes					13,725,850	-	13,725,850	515,000
Sales taxes					9,617,791	-	9,617,791	-
Franchise taxes					2,877,294	-	2,877,294	-
Excise taxes					92,421	-	92,421	-
Gain on sale of capital assets					654,620	-	654,620	-
Unrestricted investment earnings					624,184	72,108	696,292	1,011
Transfers					(1,637,853)	1,637,853	-	-
Total general revenues and transfers					25,954,307	1,709,961	27,664,268	516,011
Change in net position					(1,019,248)	3,802,191	2,782,943	179,441
Net position, beginning of year					126,284,832	43,343,771	169,628,603	951,677
Net position, end of year					$ 125,265,584	$ 47,145,962	$ 172,411,546	$ 1,131,118

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	Major Funds					Total	Total
	General*	Debt Service	Capital Projects	STAR Bonds	Derby Difference Sales Tax	Nonmajor Funds	Governmental Funds
Assets:							
Deposits and investments	$ 15,261,841	$ 1,292,024	$ 5,735,727	$ -	$ 2,093,713	$ 6,266,966	$ 30,650,271
Restricted cash and investments	-	-	-	12,286,919	-	-	12,286,919
Receivables (net of allowance for uncollectibles):							
Taxes	11,767,363	1,647,888	-	-	719,135	1,306,480	15,440,866
Special assessments	-	33,238,095	-	-	-	-	33,238,095
Accounts	181,804	-	-	-	-	-	181,804
Interest	357,555	3,441	-	-	-	-	360,996
Leases	-	3,298,233	-	-	-	-	3,298,233
Inventories	255,122	-	-	-	-	-	255,122
Prepaid items	-	-	-	-	1,478,000	-	1,478,000
Total assets	$ 27,823,685	$ 39,479,681	$ 5,735,727	$ 12,286,919	$ 4,290,848	$ 7,573,446	$ 97,190,306
Liabilities:							
Accounts payable	$ 446,270	$ -	$ 369,074	$ -	$ 9,418	$ 4,780	$ 829,542
Accrued payroll	1,040,649	-	-	-	-	-	1,040,649
Unearned revenue	-	-	-	-	-	3,727,830	3,727,830
Total liabilities	1,486,919	-	369,074	-	9,418	3,732,610	5,598,021
Deferred inflows of resources:							
Unavailable revenue - property taxes	10,324,843	1,647,888	-	-	-	1,287,613	13,260,344
Unavailable revenue - special assessments	-	33,238,095	-	-	-	-	33,238,095
Unavailable revenue - leases	-	3,240,467	-	-	-	-	3,240,467
Total deferred inflows of resources	10,324,843	38,126,450	-	-	-	1,287,613	49,738,906
Fund balances:							
Nonspendable:							
Inventories	255,122	-	-	-	-	-	255,122
Prepaid items	-	-	-	-	1,478,000	-	1,478,000
Restricted:							
Capital projects	-	-	5,366,653	-	-	9,971	5,376,624
Substance abuse prevention	-	-	-	-	-	129,032	129,032
Culture and recreation	-	-	-	12,286,919	825,250	264,532	13,376,701
Crime prevention	-	-	-	-	-	6,433	6,433
Fire	-	-	-	-	19,417	-	19,417
Library operations	-	-	-	-	1,958,763	68,411	2,027,174
Debt service	-	1,353,231	-	-	-	-	1,353,231
Streets and sidewalks	-	-	-	-	-	1,075,790	1,075,790
Assigned:							
Senior activities	23,478	-	-	-	-	-	23,478
Equipment purchases	1,283,682	-	-	-	-	-	1,283,682
Capital improvements	2,268,972	-	-	-	-	-	2,268,972
Library operations	-	-	-	-	-	17,803	17,803
Aquatic park operations	-	-	-	-	-	981,251	981,251
Unassigned	12,180,669	-	-	-	-	-	12,180,669
Total fund balances	16,011,923	1,353,231	5,366,653	12,286,919	4,281,430	2,553,223	41,853,379
Total liabilities, deferred inflows of resources, and fund balances	$ 27,823,685	$ 39,479,681	$ 5,735,727	$ 12,286,919	$ 4,290,848	$ 7,573,446	$ 97,190,306

* See the General Fund Combining Balance Sheet on page 75.

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, 2022

Total fund balances - governmental funds			$ 41,853,379
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.			137,344,383
Other long-term assets are not available to pay for current-expenditures and therefore are reported as unavailable in the funds.			33,238,095
Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then.			
Deferred charge on refunding	$ 42,994		
Deferred OPEB outflow	902,436		
Deferred pension outflow	5,666,685		6,612,115
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			(94,468,250)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then.			
Deferred OPEB inflow	(1,044,080)		
Deferred pension inflow	(166,969)		(1,211,049)
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.			1,896,911
Net position of governmental activities			$ 125,265,584

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, 2022

	Major Funds					Total	Total
	General*	Debt Service	Capital Projects	STAR Bonds	Derby Difference Sales Tax	Nonmajor Funds	Governmental Funds
Revenues:							
Taxes:							
Property	$ 10,302,556	$ 2,096,230	$ -	$ -	$ -	$ 1,327,064	$ 13,725,850
Excise	60,463	23,084	-	-	-	8,874	92,421
Sales	5,882,868	-	-	-	3,734,923	-	9,617,791
Franchise	2,604,180	-	-	-	-	273,114	2,877,294
Special assessments	-	3,116,984	-	-	-	-	3,116,984
Intergovernmental	436,050	-	-	-	-	1,178,789	1,614,839
Licenses and permits	663,924	-	-	-	-	-	663,924
Charges for services	412,513	-	-	-	-	26,553	439,066
Fines and fees	665,888	-	-	-	-	-	665,888
Investment earnings	447,744	65,709	-	107,597	3,131	3	624,184
Other	742,819	522,798	-	371,776	-	98,673	1,736,066
Total revenues	22,219,005	5,824,805	-	479,373	3,738,054	2,913,070	35,174,307
Expenditures:							
Current:							
General government	4,477,087	-	-	-	479,187	1,382,006	6,338,280
Public works	3,879,777	-	-	-	-	1,257,075	5,136,852
Public safety	8,409,708	-	-	-	548,575	12,148	8,970,431
Culture and recreation	1,869,550	-	-	-	121,611	260,591	2,251,752
Economic development	305,631	-	-	1,635,397	-	-	1,941,028
Debt service:							
Principal	-	4,445,335	1,985,000	264,400	1,340,000	-	8,034,735
Interest and fiscal charges	-	1,591,860	47,036	101,204	119,688	-	1,859,788
Debt issuance costs	-	-	129,974	282,280	-	-	412,254
Capital outlay	2,532,480	-	2,277,145	-	408,123	-	5,217,748
Total expenditures	21,474,233	6,037,195	4,439,155	2,283,281	3,017,184	2,911,820	40,162,868
Excess (deficiency) of revenues over (under) expenditures	744,772	(212,390)	(4,439,155)	(1,803,908)	720,870	1,250	(4,988,561)
Other financing sources (uses):							
Transfers in	918,019	95,825	-	-	-	-	1,013,844
Transfers out	-	-	(445,825)	-	(568,019)	-	(1,013,844)
Sale of general capital assets	61,044	-	-	-	-	-	61,044
General obligation bonds issued	-	-	2,130,000	-	-	-	2,130,000
Premium on general obligation bonds issued	-	-	65,377	-	-	-	65,377
Sales tax special obligation revenue bonds issued	-	-	-	14,114,000	-	-	14,114,000
Discount on sales tax special obligation revenue bonds issued	-	-	-	(435,982)	-	-	(435,982)
Temporary notes issued	-	-	2,910,000	-	-	-	2,910,000
Total other financing sources (uses)	979,063	95,825	4,659,552	13,678,018	(568,019)	-	18,844,439
Net change in fund balances	1,723,835	(116,565)	220,397	11,874,110	152,851	1,250	13,855,878
Fund balances, beginning of year	14,288,088	1,469,796	5,146,256	412,809	4,128,579	2,551,973	27,997,501
Fund balances, end of year	$ 16,011,923	$ 1,353,231	$ 5,366,653	$ 12,286,919	$ 4,281,430	$ 2,553,223	$ 41,853,379

* See the General Fund Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits) on pages 76 - 77.

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, 2022

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ 13,855,878
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,391,111)
The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, disposals, and donations).	(2,272,395)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	282,555
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(10,746,551)
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.	(1,177,453)
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 net revenue of the internal service funds is reported with governmental activities.	429,829
Change in net position of governmental activities	$ (1,019,248)

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem property tax	$ 9,371,360	$ 9,385,454	$ 14,094
Delinquent tax	63,100	63,350	250
Motor vehicle tax	861,214	853,752	(7,462)
Excise tax	14,330	60,463	46,133
Sales tax	4,979,808	5,882,868	903,060
Franchise tax	2,229,484	2,604,180	374,696
Intergovernmental	434,450	430,504	(3,946)
Licenses and permits	389,150	663,924	274,774
Charges for services	400,300	412,513	12,213
Fines and fees	897,800	665,888	(231,912)
Investment earnings	15,000	447,744	432,744
Other	323,670	727,388	403,718
Total revenues	19,979,666	22,198,028	2,218,362
Expenditures:			
Administration and operations	4,357,681	3,902,898	(454,783)
Law enforcement	5,907,125	5,523,561	(383,564)
Finance	726,910	931,876	204,966
Fire	2,980,058	2,883,910	(96,148)
Planning and engineering	1,486,311	1,370,907	(115,404)
Public works	5,001,337	3,731,416	(1,269,921)
Insurance recovery	25,000	37,039	12,039
Liability insurance	248,220	263,627	15,407
Equipment	399,175	413,196	14,021
Capital outlay	627,000	1,587,145	960,145
Reimbursable	280,000	227,332	(52,668)
Miscellaneous	3,050,000	-	(3,050,000)
Contingencies	4,875,774	-	(4,875,774)
Total expenditures	$ 29,964,591	$ 20,872,907	$ (9,091,684)

(Continued)

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
(Continued)
Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Excess (deficiency) of revenues over (under) expenditures	$ (9,984,925)	$ 1,325,121	$ 11,310,046
Other financing sources (uses):			
Sale of general capital assets	-	61,044	61,044
Transfers in	350,000	350,000	-
Transfers out	(623,029)	(1,333,499)	(710,470)
Total other financing sources (uses)	(273,029)	(922,455)	(649,426)
Net change in fund balance	(10,257,954)	402,666	10,660,620
Fund balance, beginning of year	10,257,954	12,371,247	2,113,293
Fund balance, end of year	$ -	12,773,913	$ 12,773,913
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		582,213	
Fund balance on the basis of GAAP - General Fund only		13,356,126	
Fund balance for separately budgeted fund included with the General Fund on GAAP basis financials:			
Derby Senior Activity Board		23,478	
Fund balances (deficit) for non-budgeted funds included with the General Fund on GAAP basis financials:			
Payroll		(338,122)	
Equipment Reserve		23,867	
Capital Improvement Reserve		1,686,759	
Public Safety Equipment Reserve		1,259,815	
		$ 16,011,923	

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, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Sales tax	$ 3,400,049	$ 3,734,923	$ 334,874
Other	430,700	3,131	(427,569)
Total revenues	3,830,749	3,738,054	(92,695)
Expenditures:			
Personnel	826,555	820,912	(5,643)
Contractual	322,686	324,215	1,529
Commodities	4,000	4,245	245
Capital outlay	2,668,700	1,708,124	(960,576)
Debt service:			
Principal	1,340,000	1,340,000	-
Interest and fiscal charges	119,688	119,688	-
Total expenditures	5,281,629	4,317,184	(964,445)
Other financing uses:			
Transfers out	(225,000)	(568,019)	(343,019)
Net change in fund balance	(1,675,880)	(1,147,149)	528,731
Fund balance, beginning of year	3,768,441	3,950,579	182,138
Fund balance, end of year	$ 2,092,561	2,803,430	$ 710,869
Explanation of difference between budgetary and GAAP fund balance:			
Prepaid expenditures for equipment and supplies ordered but not received are not recorded for GAAP purposes until received		1,478,000	
Fund balance on the basis of GAAP		$ 4,281,430	

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Funds
Assets:					
Current assets:					
Deposits and investments	$ 10,329,503	$ 7,649,111	$ 2,000,424	$ 19,979,038	$ 2,193,303
Accounts receivable (net of allowance for uncollectibles)	512,322	919,599	125,266	1,557,187	-
Inventories	-	23,641	-	23,641	-
Prepaid items	-	3,362	-	3,362	-
Total current assets	10,841,825	8,595,713	2,125,690	21,563,228	2,193,303
Noncurrent assets:					
Capital assets:					
Land	48,777	663,581	-	712,358	-
Construction in progress	832,313	331,234	530,648	1,694,195	-
Buildings	5,976,279	4,488,683	-	10,464,962	-
Infrastructure	26,749,749	23,671,206	16,254,259	66,675,214	-
Machinery and equipment	1,772,339	829,032	127,650	2,729,021	-
Right-to-use leased machinery and equipment	-	-	-	-	648,952
Accumulated depreciation	(22,089,537)	(22,152,196)	(6,617,319)	(50,859,052)	(106,415)
Total noncurrent assets	13,289,920	7,831,540	10,295,238	31,416,698	542,537
Total assets	24,131,745	16,427,253	12,420,928	52,979,926	2,735,840
Deferred outflows of resources:					
Deferred outflows - OPEB	25,540	18,282	-	43,822	-
Deferred outflows - pension	195,450	185,887	38,283	419,620	-
Total deferred outflows of resources	220,990	204,169	38,283	463,442	-
Liabilities:					
Current liabilities:					
Accounts payable	55,409	303,475	2,351	361,235	348,413
Accrued expenses	30,161	36,188	8,369	74,718	-
Accrued interest payable	18,372	22,997	-	41,369	-
Compensated absences	20,501	20,161	-	40,662	-
Current portion of bonds payable	154,960	379,175	-	534,135	-
Total current liabilities	279,403	761,996	10,720	1,052,119	348,413
Noncurrent liabilities:					
Loans payable	769,592	-	-	769,592	-
Bonds payable, net	1,164,349	1,872,883	-	3,037,232	-
Leases payable	-	-	-	-	573,439
Total OPEB liability	44,682	31,979	-	76,661	-
Net pension liability	604,503	529,981	96,409	1,230,893	-
Total noncurrent liabilities	2,583,126	2,434,843	96,409	5,114,378	573,439
Total liabilities	2,862,529	3,196,839	107,129	6,166,497	921,852
Deferred inflows of resources:					
Deferred inflows - OPEB	26,461	18,941	-	45,402	-
Deferred inflows - pension	13,475	(13,027)	2,136	2,584	-
Total deferred inflows of resources	39,936	5,914	2,136	47,986	-
Net position:					
Net investment in capital assets	11,201,019	5,579,482	10,295,238	27,075,739	(30,902)
Unrestricted	10,249,251	7,849,187	2,054,708	20,153,146	1,844,890
Total net position	$ 21,450,270	$ 13,428,669	$ 12,349,946	47,228,885	$ 1,813,988
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time.				(82,923)	
Net position of business-type activities				$ 47,145,962	

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, 2022

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Funds
Operating revenues:					
Charges for sales and services	$ 3,556,926	$ 8,379,688	$ 623,513	$ 12,560,127	$ 3,061,660
Miscellaneous	2,800	818	-	3,618	-
Total operating revenues	3,559,726	8,380,506	623,513	12,563,745	3,061,660
Operating expenses:					
Personnel	728,306	520,687	182,085	1,431,078	3,206,743
Contractual	686,515	5,374,366	112,024	6,172,905	3,631
Supplies	228,832	72,413	1,423	302,668	-
Utilities	280,219	27,440	-	307,659	-
Depreciation and amortization	833,870	870,052	395,829	2,099,751	104,450
Total operating expenses	2,757,742	6,864,958	691,361	10,314,061	3,314,824
Operating income (loss)	801,984	1,515,548	(67,848)	2,249,684	(253,164)
Nonoperating revenues (expenses):					
Interest revenue	26,082	46,026	-	72,108	-
Interest expense	(56,418)	(45,355)	-	(101,773)	(5,451)
Gain (loss) on disposal of property	(21,856)	-	-	(21,856)	654,620
Total nonoperating revenues (expenses)	(52,192)	671	-	(51,521)	649,169
Income (loss) before contributions	749,792	1,516,219	(67,848)	2,198,163	396,005
Capital contributions	688,659	350,886	598,308	1,637,853	-
Change in net position	1,438,451	1,867,105	530,460	3,836,016	396,005
Total net position, beginning of year	20,011,819	11,561,564	11,819,486	43,392,869	1,417,983
Total net position, end of year	$ 21,450,270	$ 13,428,669	$ 12,349,946	$ 47,228,885	$ 1,813,988
Change in net position				$ 3,836,016	
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds.				(33,825)	
Change in net position of business-type activities				$ 3,802,191	

See accompanying notes to basic financial statements.

CITY OF DERBY, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2022

	Business-Type Activities				Governmental Activities
	Sewer	Water	Stormwater	Total	Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	$ 3,542,682	$ 8,331,951	$ 622,662	$ 12,497,295	$ 3,061,660
Other receipts	2,800	818	-	3,618	-
Payments to suppliers	(1,295,805)	(5,549,199)	(116,606)	(6,961,610)	(3,631)
Payments to employees	(726,722)	(495,131)	(221,767)	(1,443,620)	(3,187,784)
Net cash from operating activities	1,522,955	2,288,439	284,289	4,095,683	(129,755)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(228,951)	(26,658)	(3,562)	(259,171)	-
Payments on loan	(70,561)	-	-	(70,561)	-
Principal paid on general obligation debt	(150,490)	(749,175)	-	(899,665)	-
Interest and bond issuance costs paid on debt	(72,432)	(124,576)	-	(197,008)	(5,451)
Proceeds from sale of assets	-	-	-	-	654,620
Principal paid on leases	-	-	-	-	(73,548)
Net cash from capital and related financing activities	(522,434)	(900,409)	(3,562)	(1,426,405)	575,621
Cash flows from investing activities:					
Interest received	26,082	46,026	-	72,108	-
Net change in cash and cash equivalents	1,026,603	1,434,056	280,727	2,741,386	445,866
Cash and cash equivalents, beginning of year	9,302,900	6,215,055	1,719,697	17,237,652	1,747,437
Cash and cash equivalents, end of year	$ 10,329,503	$ 7,649,111	$ 2,000,424	$ 19,979,038	$ 2,193,303

(Continued)

CITY OF DERBY, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
Year Ended December 31, 2022

	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)	$ 801,984	$ 1,515,548	$ (67,848)	$ 2,249,684	$ (253,164)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Items not requiring cash:					
Depreciation and amortization	833,870	870,052	395,829	2,099,751	104,450
Changes in:					
Accounts receivable	(14,244)	(47,737)	(851)	(62,832)	-
Inventories	-	(12,703)	-	(12,703)	-
Deferred outflows - OPEB	(12,313)	(9,885)	10,259	(11,939)	-
Deferred outflows - pension	(62,379)	(67,978)	(12,861)	(143,218)	-
Accounts payable	(100,239)	(62,277)	(3,159)	(165,675)	18,959
Compensated absences	(6,113)	(2,656)	-	(8,769)	-
Accrued expenses	345	9,229	3,198	12,772	-
Total OPEB liability	(18,199)	(7,858)	(48,783)	(74,840)	-
Net pension liability	192,155	209,403	39,617	441,175	-
Deferred inflows - OPEB	14,684	11,465	(9,135)	17,014	-
Deferred inflows - pension	(106,596)	(116,164)	(21,977)	(244,737)	-
Net cash from operating activities	$ 1,522,955	$ 2,288,439	$ 284,289	$ 4,095,683	$ (129,755)

Noncash capital financing activities:
Contributions of capital assets of $ 688,659; $ 350,886; and $ 598,308 were acquired in the sewer fund, water fund, and stormwater fund, respectively, from other governmental funds.

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.

Blended Component Unit. In January 1999, the City acquired 100% of the outstanding capital stock of the El Paso Water Company, Inc. (the Company). The Company has received a Private Letter Ruling stating that it is a public utility for purposes of the Internal Revenue Code, and, accordingly, is income tax-exempt. Although the Company is a legally separate organization, the City is financially accountable for the component unit. In addition, the Company's governing body is substantially the same as the governing body of the City. The financial statements of the Company have been included within the City's reporting entity as a proprietary fund. The Company reports under FASB standards, including Topics 958 and 842. As such, certain revenue recognition and lease criteria and presentation features are different from GASB revenue recognition and lease criteria and presentation features. No modifications have been made to the Company's financial information in the City's financial reporting entity for these differences. Separately issued financial statements for the Company are available from the Company's administrative offices.

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

Government-Wide and Fund Financial Statements

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

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

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

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 and sewer funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on

capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Investments

Cash and investments of the individual funds are combined to form a pool that is managed by the finance director. Each fund's equity in the pool is included in "deposits and investments" in the financial statements. These pooled deposits and investments consist of operating accounts, non-negotiable certificates of deposit which are recorded at cost because they are not affected by market rate changes, 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, 2022, an allowance for uncollectible receivables of $ 1,299,265 has been recorded.

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

General fund property tax receivable	$	10,324,843
Debt service fund property tax receivable		1,647,888
Debt service fund special assessments receivable		33,238,095
Nonmajor governmental fund property tax receivable		1,287,613
	$	46,498,439

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, 2021 upon which the 2022 levy was based was $ 264,218,468.

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.

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 three items that qualify for reporting in this category. One item, *deferred charge on refunding*, is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two items, *deferred outflows for pension* and *deferred outflows for OPEB*, are reported in the government-wide 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 liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, 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 liability 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 liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities 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.

Compensated Absences

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

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts and refunding differences are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Pensions

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

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, 2022, fund balances for governmental funds are made up of the following:

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

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

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

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

purposes, the City Manager. The Council has authorized by charter ordinance the City Manager to assign fund balance.

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

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

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.

Adoption of New Accounting Standards

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

GASB Statement No. 87, *Leases* – This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement resulted in the reporting of certain lease receivables, lease obligations, and leased assets, along with deferred inflows of resources and accumulated amortization. Beginning net position and fund balance were not impacted by the adoption of this statement.

Pending Governmental Accounting Standards Board Statements

At December 31, 2022, 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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* provides guidance for the financial reporting of public-private and public-public partnerships and availability payment arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022.

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

GASB Statement No. 99, *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance by the City. The requirements related to leases, PPPs, and SBITAs are effective for periods beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

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 $ (94,468,250) difference are as follows:

General obligation bonds payable	$	(52,165,900)
Plus: Issuance premiums		(2,585,867)
Less: Issuance discounts		9,422
Sales tax obligation bonds payable		(14,529,000)
Less: Issuance discounts		426,937
Temporary notes payable		(6,360,000)
Accrued interest payable		(319,164)
Compensated absences		(645,145)
Total OPEB liability		(1,610,044)
Net pension liability		(16,685,245)
Leases payable		(4,244)
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	$	(94,468,250)

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

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $ (1,391,111) difference are as follows:

Capital outlay	$	3,488,917
Depreciation and amortization expense		(4,880,028)
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	$	(1,391,111)

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 $ (10,746,551) difference are as follows:

Debt issued or incurred:		
General obligation bonds	$	(2,130,000)
Plus: Issuance premiums		(65,377)
Sales tax obligation bonds		(14,114,000)
Less: Issuance discounts		435,982
Temporary notes		(2,910,000)
Principal repayments:		
General obligation debt		5,785,335
Sales tax obligation bonds		264,400
Temporary notes		1,985,000
Leases		2,109
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net position of governmental activities	$	(10,746,551)

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 $ (1,177,453) difference are as follows:

Compensated absences	$	13,041
Accrued interest		(218,872)
Amortization of deferred charge on refunding		(72,553)
Amortization of bond discounts		(9,835)
Amortization of bond premiums		273,889
OPEB contributions		(175,852)
Pension contributions		(987,271)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	(1,177,453)

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 equipment reserve fund, Derby fights addiction fund, the payroll fund, the public safety equipment reserve fund, and the capital improvement reserve fund. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments evidenced by documents such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in adoption of 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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
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 City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget is adjusted to on or before September 20th. The City 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 were no such amendments for fiscal year 2022.

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.

4 - Deposits and Investments

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Kansas statutes require that deposits of the City and the Library be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At year-end, the carrying amounts of the City's deposits were $ 27,899,984, and the bank balances totaled $ 28,186,138. Of the bank balances, $ 1,251,000 was secured by federal deposit insurance, and $ 26,935,138 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the City's name.

As of December 31, 2022, the carrying amount of the Library's deposits was $ 840,433, and the bank balance was $ 855,777. Of the bank balance, $ 250,000 was secured by federal deposit insurance and $ 605,777 was collateralized by pledged securities held under joint custody receipts issued by third party banks in the Library's name.

Investments

As of December 31, 2022, the City had the following investments:

Investment Type	Fair Value	Maturity	Rating
Money market mutual funds	$ 11,957,281	< 1 year	Not rated
U.S. Treasury notes	24,532,068	< 1 year	AAA
Repurchase agreements	720,198	< 1 year	Not rated
	$ 37,209,547		

Credit Risk

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

Concentrations of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. As noted in the schedule above, the City's investments as of December 31, 2022 consisted entirely of money market mutual funds, U.S. Treasury Notes and repurchase agreements.

Custodial Credit Risk

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

Interest Rate Risk

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

Fair Value Measurement – The City categorizes its fair value 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. For the year ended December 31, 2022, the money market mutual funds and U.S. Treasury notes were valued with quoted prices on the active market (Level 1 input). The repurchase agreements are considered cash equivalents and are, therefore, not classified in the fair value hierarchy.

At December 31, 2022, the City's investments were categorized within the fair value hierarchy as follows:

		Fair Value Measurements at Reporting Date Using		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Money market mutual funds	$ 11,957,281	$ 11,957,281	$ -	$ -
U.S. Treasury notes	24,532,068	24,532,068	-	-
	$ 36,489,349	$ 36,489,349	$ -	$ -

5 - Leases Receivable

The City, as a lessor, has entered into various lease agreements involving buildings 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%.	$ 2,317,338
On January 1, 2022, the City entered into a 85-month lease as lessor for the use of the Hubbary 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%.	980,895
Total leases receivable	$ 3,298,233

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, 2022, the balance of the deferred inflow of resources was $ 3,240,467.

6 - Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 5,215,249	$ 112,251	$ -	$ 5,327,500
Land - right of way	30,066,710	-	-	30,066,710
Construction in progress	949,440	3,043,453	(3,287,461)	705,432
Total capital assets not being depreciated	36,231,399	3,155,704	(3,287,461)	36,099,642
Capital assets being depreciated:				
Buildings	33,087,159	-	-	33,087,159
Improvements	18,950,539	-	-	18,950,539
Infrastructure	132,570,468	845,130	-	133,415,598
Machinery and equipment	14,153,297	1,137,691	(1,007,604)	14,283,384
Total capital assets being depreciated	198,761,463	1,982,821	(1,007,604)	199,736,680
Less accumulated depreciation for:				
Buildings	(11,015,090)	(828,798)	-	(11,843,888)
Improvements	(2,680,944)	(475,582)	-	(3,156,526)
Infrastructure	(69,217,566)	(3,002,584)	-	(72,220,150)
Machinery and equipment	(11,077,725)	(571,099)	373,062	(11,275,762)
Total accumulated depreciation	(93,991,325)	(4,878,063)	373,062	(98,496,326)
Total capital assets being depreciated, net	104,770,138	(2,895,242)	(634,542)	101,240,354
Right-to-use assets being amortized:				
Machinery and equipment	-	653,339	-	653,339
Less accumulated amortization	-	(106,415)	-	(106,415)
Total right-to-use assets being amortized, net	-	546,924	-	546,924
Governmental activities capital assets, net	$ 141,001,537	$ 807,386	$ (3,922,003)	$ 137,886,920

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 712,358	$ -	$ -	$ 712,358
Construction in progress	93,861	1,897,020	(296,686)	1,694,195
Total capital assets not being depreciated	806,219	1,897,020	(296,686)	2,406,553
Capital assets being depreciated:				
Buildings	10,464,962	-	-	10,464,962
Infrastructure	66,395,604	296,690	(17,080)	66,675,214
Machinery and equipment	2,808,659	-	(79,638)	2,729,021
Total capital assets being depreciated	79,669,225	296,690	(96,718)	79,869,197
Less accumulated depreciation for:				
Buildings	(9,028,242)	(426,560)	-	(9,454,802)
Infrastructure	(37,531,525)	(1,591,958)	17,080	(39,106,403)
Machinery and equipment	(2,274,396)	(81,233)	57,782	(2,297,847)
Total accumulated depreciation	(48,834,163)	(2,099,751)	74,862	(50,859,052)
Total capital assets being depreciated, net	30,835,062	(1,803,061)	(21,856)	29,010,145
Business-type activities capital assets, net	$ 31,641,281	$ 93,959	$ (318,542)	$ 31,416,698

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

Governmental activities:	
General government	$ 293,352
Public safety	512,808
Public works	3,380,172
Culture and recreation	691,731
Internal service fund*	106,415
Total depreciation expense - governmental activities	$ 4,984,478
Business-type activities:	
Sewer	$ 833,870
Water	870,052
Stormwater	395,829
Total depreciation expense - business-type activities	$ 2,099,751

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

Discretely Presented Component Unit

Capital asset activity for the Library for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Machinery and equipment	$ 1,052,966	$ 173,126	$ (176,667)	$ 1,049,425
Less accumulated depreciation for:				
Machinery and equipment	(777,901)	(175,291)	176,667	(776,525)
Total capital assets being depreciated, net	275,065	(2,165)	-	272,900
Right-to-use assets being amortized:				
Machinery and equipment	-	93,630	-	93,630
Less accumulated amortization for:				
Machinery and equipment	-	(21,204)	-	(21,204)
Total right-to-use assets being amortized, net	-	72,426	-	72,426
Library capital assets, net	$ 275,065	$ 70,261	$ -	$ 345,326

7 - Capital Projects

The City has the following projects in progress at December 31, 2022:

	Costs to Date	Amount Authorized
Governmental improvements	$ 1,612,715	$ 3,409,546
Sewer improvements	-	64,760
	$ 1,612,715	$ 3,474,306

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 and Police and Firemen employee 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.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate were 8.90% for KPERS and 22.99% for KP&F for the year ended December 31, 2022. Contributions to the Pension Plan from the City were $ 634,104 for KPERS and $ 1,089,320 for KP&F for the year ended December 31, 2022.

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

At December 31, 2022, the City reported a liability of $ 6,853,167 for KPERS and $ 11,062,971 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, 2022, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

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, 2022.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2022, the City's proportion for KPERS was .344719%, which was a decrease of .001806% from its proportion measured as of June 30, 2021. At June 30, 2022, the City's proportion for KP&F was .767073%, which was a decrease of .014107% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized pension expense of $ 959,718 for KPERS and $ 1,804,729 for KP&F, with the aggregate pension expense for both KPERS and KP&F totaling $ 2,764,447. At December 31, 2022, 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	$ 728,682	$ 12,284
Net difference between projected and actual earnings on pension plan investments	1,339,386	-
Changes of assumptions	2,517,102	-
Changes in proportionate share	620,109	157,269
City contributions subsequent to measurement date	881,026	-
Total	$ 6,086,305	$ 169,553

The $ 881,026 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, 2023. 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,	
2023	$ 1,491,244
2024	1,367,907
2025	697,932
2026	1,428,613
2027	50,030
	$ 5,035,726

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Salary increases, including price inflation	3.50 to 12.00 percent
Long-term rate of return, net of investment expense, and including price inflation	7.00 percent
Payroll growth assumption	3.00 percent

Changes in actuarial assumptions and methods in the December 31, 2021 actuarial valuation were as follows:

Both Groups

- Investment return assumption was lowered from 7.75% to 7.00%.
- Interest crediting rate assumption for KPERS 3 members was lowered from 6.25% to 6.00%.
- Annuity interest rate assumptions for KPERS 3 members was lowered from 5.75% to 5.00%.
- The total unfunded actuarial liability (UAL) was re-amortized. The UAL bases were combined, and the total balance was re-amortized over a closed 17-year period for State/School and Local and a closed 22-period for KP&F.

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study, which covered the three-year period of January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

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, 2022 are summarized in the following table:

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

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.0%. 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 7.00%, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's KPERS proportionate share of the collective net pension liability	$ 9,844,795	$ 6,853,167	$ 4,360,705
City's KP&F proportionate share of the collective net pension liability	15,174,484	11,062,971	7,641,955
	$ 25,019,279	$ 17,916,138	$ 12,002,660

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, 2022 totaled $ 32,000.

Employees Covered by Benefit Terms. As of the actuarial valuation date of January 1, 2021, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	8
Active plan members	192
	200

Total OPEB Liability

The City's total OPEB liability of $ 1,565,136 was measured as of December 31, 2022 and was determined by an actuarial valuation performed as of January 1, 2023.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the January 1, 2023 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	4.18 percent
Mortality table	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General and Public Safety Mortality Tables using Scale MP-2021 Full Generational Improvement
Salary scale	4.50 percent per year
Inflation rate	2.75 percent per year
Healthcare cost trend rates	
Current rate	6.50 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 2.04% to 4.18%.
- The assumed salary scale was revised from 3.5% to 4.5%.
- The census data was updated from January 1, 2020 to January 1, 2023.
- The assumed proportion of future eligible employees electing "retiree" coverage with the City upon retirement was revised from 40% (retirement ages < 55), 45% (retirement ages 55 to 59) and 50% (retirement ages 60 to 64) to 45%, 55% and 60%, respectively.
- The per capita costs, retiree contributions and assumed trend were revised as part of the evaluation. The January 1, 2023 renewal was taken into account.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2021	$ 1,499,715
Changes for the year:	
Service cost	133,629
Interest cost	32,994
Differences between expected and actual experience	651,283
Changes in assumptions and inputs	(720,485)
Benefit payments	(32,000)
Net changes	65,421
Balance at December 31, 2022	$ 1,565,136

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 (3.18%)	Discount Rate (4.18%)	1% Increase (5.18%)
Total OPEB liability	$ 1,747,421	$ 1,565,136	$ 1,402,496

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	$ 1,347,479	$ 1,565,136	$ 1,831,276

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

For the year ended December 31, 2022, the City recognized OPEB expense of $ 164,339.

At December 31, 2022, 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	$ 604,763	$ 247,191
Changes of assumptions	291,391	681,278
	$ 896,154	$ 928,469

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,	
2023	$ (2,284)
2024	(2,284)
2025	(2,284)
2026	(2,284)
2027	(2,284)
2028 and Thereafter	(20,895)
	$ (32,315)

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, 2022 totaled $ 36,244.

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, 2021, the following employees were covered by the benefit terms.

Active members	128
Disabled members	1
	129

Total OPEB Liability

The City's total OPEB liability of $ 121,569 was measured as of June 30, 2022 and was determined by an actuarial valuation performed as of December 31, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2021 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	3.54 percent
Implicit inflation rate	2.75 percent
Mortality rates	Local Males: 90% of RP-2014 M Total Dataset +2 Local Females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2021.
Salary increases	3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity)
Payroll growth	3.00 percent
Actuarial cost method	Entry Age Normal

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

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

> The discount rate was updated in accordance with the requirements of GASB 75. The Disability Rates, Estimated Offsets, Waiver Mortality Rates and Claim Cost Assumption have been updated based on recent experience.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2021	$ 170,085
Changes for the year:	
Service cost	27,350
Interest on total OPEB liability	4,223
Effect of economic/demographic gains or losses	(29,857)
Effect of assumptions changes or inputs	(46,323)
Benefit payments	(3,909)
Net changes	(48,516)
Balance at December 31, 2022	$ 121,569

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 (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 126,851	$ 121,569	$ 116,006

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	$ 121,569	$ 121,569	$ 121,569

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

For the year ended December 31, 2022, the City recognized OPEB expense of $ 13,901. At December 31, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,189	$ 116,038
Changes of assumptions	12,671	44,975
City contributions subsequent to measurement date	36,244	-
	$ 50,104	$ 161,013

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $ 36,244 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, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2023	$ (17,672)
2024	(17,672)
2025	(17,672)
2026	(17,490)
2027	(17,112)
2028 and Thereafter	(59,535)
	$ (147,153)

Aggregate Other Postemployment Healthcare Benefit Information

	Balances at December 31, 2022		
	Health Insurance	Disability Benefits and Life Insurance	Total
Total OPEB liability	$ 1,565,136	$ 121,569	$ 1,686,705
Total deferred outflows of resources	896,154	50,104	946,258
Total deferred inflows of resources	928,469	161,013	1,089,482

The aggregate amount of OPEB expenses for the two OPEB plans for the year ended December 31, 2022 was $ 178,240.

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. During 2022, the City's specific retention amount was $ 0 per covered person. The minimum aggregate retention amount was $ 0. The reinsurer's aggregate maximum limit was 100% of paid aggregate losses in excess of the aggregate retention amount subject to a maximum of $ 1,000,000. The City purchases commercial insurance for claims in excess of the maximum and for all other risks of loss. Any claims paid in excess of this amount will be reimbursed to the City by the insurance company at the end of the plan year. The transactions of the health insurance plan are accounted for in the internal service fund. The claims liability reported at December 31, 2022 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, 2022 is as follows:

Claims payable, beginning of year	$	329,454
Incurred claims and change in estimate		2,453,721
Claim payments		(2,434,762)
Claims payable, end of year	$	348,413

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, 2022 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2022	Outstanding December 31, 2022
General Obligation Bonds:					
Governmental activities:					
2010A Improvement	3.50% - 3.75%	$ 60,205	2025	$ 4,685	$ -
2012A Refunding	1.90%	2,418,743	2023	114,003	6,965
2014A Refunding and Improvement	2.10% - 3.30%	3,146,914	2034	145,560	2,210,703
2014C Improvement	2.25% - 2.50%	5,380,000	2024	585,000	1,205,000
2015A Refunding	2.25% - 2.50%	886,200	2024	25,800	56,200
2015B Improvement	2.25% - 2.50%	1,725,000	2024	180,000	370,000
2015C Improvement	2.00% - 3.50%	955,000	2036	65,000	555,000
2017A Improvement	2.00% - 3.00%	5,105,000	2037	230,000	4,095,000
2017B Improvement	3.00% - 3.375%	26,342	2038	1,317	21,073
2018A Improvement	3.00% - 3.35%	6,125,000	2038	255,000	5,140,000
2018C Improvement	3.00%	3,395,000	2024	575,000	1,210,000
2019A Improvement	3.00% - 5.00%	5,385,000	2034	290,000	4,560,000
2019B Refunding and Improvement	2.25% - 4.00%	6,300,960	2040	469,510	5,075,610
2020A Improvement	2.00% - 3.00%	295,000	2041	15,000	265,000
2021B Refunding and Improvement	2.00% - 4.00%	2,720,000	2033	195,000	2,525,000
				$ 3,150,875	$ 27,295,551
Business-type activities:					
2012B Improvement	2.00% - 2.75%	$ 708,120	2027	$ 49,175	$ 255,710
2013B Refunding	3.00%	3,375,000	2022	190,000	-
2018A Improvement	3.00% - 3.35%	775,000	2022	200,000	-
2018B Improvement	3.50% - 5.00%	2,710,000	2027	310,000	1,815,000
2019B Refunding and Improvement	2.25% - 4.00%	1,633,040	2026	150,490	1,208,390
				$ 899,665	$ 3,279,100

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
2023	$ 3,191,782	$ 869,357	$ 534,135	$ 141,417
2024	3,267,197	667,465	553,605	117,735
2025	1,908,272	602,292	578,022	93,124
2026	1,423,152	551,878	1,160,229	67,362
2027	2,142,672	461,117	453,109	56,286
2028-2032	9,550,068	1,476,645	-	-
2033-2037	5,411,091	330,162	-	-
2038-2042	401,317	28,384	-	-
2043	-	6,372	-	-
	$ 27,295,551	$ 4,993,672	$ 3,279,100	$ 475,924

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, 2022 are comprised of the following issues:

Special Assessment Bonds	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2022	Outstanding December 31, 2022
Governmental activities:					
2010A Improvement	3.50%	$ 2,959,795	2022	$ 230,315	$ -
2011A Refunding and Improvement	2.60%	8,184,300	2022	95,000	-
2012A Refunding	1.90%	5,166,257	2023	535,997	208,035
2012B Improvement	2.00% - 2.75%	1,579,020	2032	90,825	664,290
2014A Refunding and Improvement	2.10% - 3.30%	758,086	2034	59,440	314,297
2015A Refunding	2.25% - 2.50%	2,278,800	2024	529,200	1,108,800
2015C Improvement	2.00% - 3.50%	3,800,000	2036	255,000	2,400,000
2017B Improvement	3.00% - 3.375%	2,273,658	2038	138,683	1,763,927
2018B Refunding	3.50% - 5.00%	2,970,000	2039	130,000	2,605,000
2019B Refunding and Improvement	2.25% - 4.00%	2,526,000	2040	210,000	2,306,000
2020A Improvement	2.00% - 3.00%	3,695,000	2041	140,000	3,555,000
2020B Refunding	2.00% - 3.00%	3,415,000	2036	220,000	3,195,000
2021A Improvement	2.00% - 4.00%	4,620,000	2042	-	4,620,000
2022A Improvement	4.00% - 5.00%	2,130,000	2043	-	2,130,000
				$ 2,634,460	$ 24,870,349

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

	Governmental Activities	
	Principal	Interest
2023	$ 2,519,083	$ 761,905
2024	2,444,198	790,146
2025	1,693,706	672,843
2026	1,506,619	594,431
2027	1,514,219	544,325
2028-2032	6,644,932	1,971,886
2033-2037	5,053,909	1,041,411
2038-2042	3,338,683	269,235
2043-2047	155,000	409
	$ 24,870,349	$ 6,646,591

Call Provisions

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

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

Future Installments

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

	Installment Range	
	Low	High
Governmental activities:		
Series 2012A	$ 215,000	$ 215,000
Series 2012B	30,000	171,891
Series 2014A	195,000	225,000
Series 2014C	595,000	610,000
Series 2015A	575,000	590,000
Series 2015B	185,000	185,000
Series 2015C	55,000	340,000
Series 2017A	235,000	305,000
Series 2017B	55,000	160,000
Series 2018A	265,000	400,000
Series 2018B	135,000	565,000
Series 2018C	595,000	615,000
Series 2019A	300,000	445,000
Series 2019B	20,000	1,110,570
Series 2020A	160,000	230,000
Series 2020B	205,000	255,000
Series 2021A	180,000	270,000
Series 2021B	190,000	270,000
Business-type activities:		
Series 2012B	49,175	53,109
Series 2018B	330,000	400,000
Series 2019B	154,960	727,120

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
2020	Derby Destination Development Project First and Second Amendment	$ 14,375,000	Amended tax distribution details: Year 1: 96.41% State sales tax revenues/ .59% City's share of County sales tax/ 3.01% City's transient guest tax 20 year estimate: 98.35% State sales tax revenues/.61% City's share of County Sales Tax/1.05% City's transient guest tax
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, 2022, 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, 2022
2020 Derby Destination Development Bonds	$ 14,375,000	2037	3.900%	$ 415,000	$ 9,960,000	$ 10,375,000
2022 Derby Destination Development Bonds	$ 35,285,000	2042	5.000%	14,114,000	21,171,000	35,285,000
Total				$ 14,529,000	$ 31,131,000	$ 45,660,000

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

	Governmental Activities	
Year	Principal	Interest
2023	$ 197,200	$ 718,040
2024	-	714,194
2025	-	714,194
2026	-	714,194
2027	-	714,194
2028-2032	-	3,570,971
2033-2037	217,800	3,566,724
2038-2042	14,114,000	3,528,500
	$ 14,529,000	$ 14,241,011

Temporary Notes Payable

The City issues temporary notes to provide temporary financing for capital improvement projects. Temporary notes payable at December 31, 2022 were as follows:

Temporary Notes	Interest Rate	Original Issue	Final Maturity Date	Principal Payments During 2022	Outstanding December 31, 2022
2020-1	0.50%	$ 6,855,000	2022	$ 1,600,000	$ -
2021-1	0.40%	3,835,000	2023	385,000	3,450,000
2022-1	2.50%	2,910,000	2024	-	2,910,000
				$ 1,985,000	$ 6,360,000

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
2023	$ 3,450,000	$ 88,090
2024	2,910,000	66,688
	$ 6,360,000	$ 154,778

Revolving Loan Payable

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) on November 12, 2009. According to the agreement, KDHE will loan an amount not to exceed $ 3,371,000 to the City for the purpose of designing and constructing a new sludge dewatering system and a new biosolids storage system and upgrading the mixing and aeration systems in the existing aerobic digester. The interest rate on the loan is 2.60%. The City paid $ 70,561 in principal on the loan during the year ended December 31, 2022. A repayment schedule reflecting the amount of principal forgiven has not been finalized. As of December 31, 2022, $ 3,264,501 of the loan was drawn down and project costs of $ 3,264,501 were incurred.

Lease Obligations Payable

In fiscal year 2022, the City entered into a 48-month lease as lessee for the use of an Enterprise fleet vehicle. An initial lease liability was recorded in the amount of $ 23,617. The City is required to make monthly fixed payments of $ 508. The lease has an interest rate of 2.2750%. The value of the right-to-use asset as of December 31, 2022 is $ 23,617 with accumulated amortization of $ 2,493.	$	21,290
In fiscal year 2022, the City entered into ten 24-month leases as lessee for the use of Enterprise fleet vehicles. An initial lease liability was recorded in the amount of $ 192,225. The City is required to make monthly fixed payments between $ 505 and $ 622. The lease has an interest rate of 2.0240%. The value of the right-to-use assets as of December 31, 2022 is $ 212,334 with accumulated amortization of $ 44,759.		168,413
In fiscal year 2022, the City entered into sixteen 36-month leases as lessee for the use of Enterprise fleet vehicles. An initial lease liability was recorded in the amount of $ 431,144. The City is required to make monthly fixed payments of between $ 493 and $ 824. The lease has an interest rate of 2.1840%. The value of the right-to-use assets as of December 31, 2022 is $ 411,035 with accumulated amortization of $ 57,198.		383,736
In fiscal year 2020, the City entered into a 38-month lease as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of $ 6,353. The City is required to make quarterly fixed payments of $ 533. The lease has an interest rate of 0.4260%. The value of the right-to-use asset as of December 31, 2022 is $ 6,353 with accumulated amortization of $ 1,965.		4,244
Total City lease obligation payable	$	577,683

The future principal and interest lease payments as of December 31, 2022 were as follows:

	Governmental Activities	
Year	Principal	Interest
2023	$ 182,557	$ 10,440
2024	241,879	5,841
2025	149,386	1,460
2026	3,861	29
	$ 577,683	$ 17,770

In fiscal year 2021, the Library entered into a 60-month lease as lessee for the use of a postage machine. An initial lease liability was recorded in the amount of $ 3,163. The City is required to make quarterly fixed payments of $ 183. The lease has an interest rate of 0.916%. The value of the right-to-use asset as of December 31, 2022 is $ 3,163 with accumulated amortization of $ 720.	$	2,455
In fiscal year 2021, the Library entered into a 63-month lease as lessee for the use of copiers. An initial lease liability was recorded in the amount of $ 90,467. The Library is required to make monthly fixed payments of $ 1,741. The lease has an interest rate of 0.916%. The value of the right-to-use asset as of December 31, 2022 is $ 90,467 with accumulated amortization of $ 20,484.		70,249
Total Library lease obligation payable	$	72,704

	Library	
Year	Principal	Interest
2023	$ 21,043	$ 579
2024	21,238	384
2025	21,433	189
2026	8,990	20
	$ 72,704	$ 1,172

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 30,446,426	$ -	$ 3,150,875	$ 27,295,551	$ 3,191,782
Special assessment debt with government commitment	25,374,809	2,130,000	2,634,460	24,870,349	2,519,083
Plus (less) deferred amounts:					
Issuance premiums	2,794,379	65,377	273,889	2,585,867	-
Issuance discounts	(10,212)	-	(790)	(9,422)	-
Sales tax special obligation revenue bonds - direct borrowings	679,400	14,114,000	264,400	14,529,000	197,200
Plus (less) deferred amounts:					
Issuance discounts	-	(435,982)	(9,045)	(426,937)	-
Temporary notes - direct borrowings	5,435,000	2,910,000	1,985,000	6,360,000	3,450,000
Leases	-	653,339	75,656	577,683	182,557
Compensated absences	658,186	1,599,868	1,612,909	645,145	645,145
Total OPEB liability	1,518,299	91,745	-	1,610,044	-
Net pension liability	10,822,801	5,862,444	-	16,685,245	-
Governmental activities long-term liabilities	$ 77,719,088	$ 26,990,791	$ 9,987,354	$ 94,722,525	$ 10,185,767
Business-type activities:					
General obligation bonds	$ 4,178,765	$ -	$ 899,665	$ 3,279,100	$ 534,135
Plus deferred amounts:					
Issuance premiums	370,072	-	77,805	292,267	-
Revolving loans - direct borrowings	840,153	-	70,561	769,592	-
Compensated absences	49,431	99,958	108,727	40,662	40,662
Total OPEB liability	151,501	-	74,840	76,661	-
Net pension liability	789,718	441,175	-	1,230,893	-
Business-type activities long-term liabilities	$ 6,379,640	$ 541,133	$ 1,231,598	$ 5,689,175	$ 574,797

For the governmental activities, compensated absences, 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, 2022, 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, 2022 was $ 33,238,095.

13 - Interfund Transactions

Interfund transfers for the year ended December 31, 2022 consisted of the following:

	Transfers in	
	Governmental activities	
Transfers out	General fund	Debt service fund
Governmental activities:		
Capital projects fund	$ 350,000	$ 95,825
Derby Difference sales tax fund	568,019	-
Total	$ 918,019	$ 95,825

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

Capital asset transfers of $ 1,637,853 occurred from the governmental activities to the business-type activities and are reported within transfers on the statement of activities.

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, 2022, 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, 2022, the City's recorded encumbrances in governmental funds were as follows:

General fund	$	582,213
Capital projects fund		1,246,672
	$	1,828,885

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, 2022, abated property taxes that impacted the City totaled $ 36,789, 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 $ 15,364.
- 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 $ 21,425.

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 Nine Fiscal Years[1]

	2022	2021	2020	2019	2018
City's proportion of the collective net pension liability					
KPERS	0.344719%	0.346525%	0.325601%	0.321937%	0.318254%
KP&F	0.767073%	0.781180%	0.743419%	0.697454%	0.710227%
City's proportionate share of the collective net pension liability	$ 17,916,138	$ 11,612,519	$ 14,812,169	$ 11,557,734	$ 11,269,609
City's covered payroll	$ 11,483,673	$ 11,051,383	$ 10,237,891	$ 9,678,999	$ 9,289,020
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	156%	105%	145%	119%	121%
Plan fiduciary net position as a percentage of the total pension liability	69.75%	76.40%	66.30%	69.88%	68.88%

	2017	2016	2015	2014
City's proportion of the collective net pension liability				
KPERS	0.311056%	0.322890%	0.317677%	0.321736%
KP&F	0.708786%	0.752855%	0.712797%	0.713596%
City's proportionate share of the collective net pension liability	$ 11,152,434	$ 11,987,447	$ 9,346,983	$ 8,640,032
City's covered payroll	$ 9,016,474	$ 9,078,858	$ 8,542,912	$ 8,426,748
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	124%	132%	109%	103%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	65.10%	64.95%	66.60%

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

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

	2022	2021	2020	2019	2018
KPERS contractually required contributions	$ 634,104	$ 605,124	$ 548,023	$ 544,363	$ 482,805
KP&F contractually required contributions	1,089,320	1,019,786	924,681	865,520	733,249
Contributions in relation to the contractually required contribution	(1,723,424)	(1,624,910)	(1,472,704)	(1,409,883)	(1,216,054)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 11,862,999	$ 11,293,230	$ 10,581,465	$ 10,038,033	$ 9,396,390
Contributions as a percentage of covered payroll	14.5%	14.4%	13.9%	14.0%	12.9%

	2017	2016	2015	2014	2013
KPERS contractually required contributions	$ 477,511	$ 494,232	$ 503,225	$ 490,774	$ 412,001
KP&F contractually required contributions	684,037	709,642	723,684	660,727	544,841
Contributions in relation to the contractually required contribution	(1,161,548)	(1,203,874)	(1,226,909)	(1,151,500)	(956,844)
Contribution deficiency (excess)	$ -	$ -	$ -	$ 1	$ (2)
City's covered payroll	$ 9,212,330	$ 8,847,625	$ 8,684,153	$ 8,859,235	$ 8,311,420
Contributions as a percentage of covered payroll	12.6%	13.6%	14.1%	13.0%	11.5%

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

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 133,629	$ 140,176	$ 95,809	$ 83,306	$ 83,668
Interest cost	32,994	31,443	40,395	44,677	36,599
Differences between expected and actual experience	651,283	(95,561)	(121,548)	(85,053)	-
Changes of assumptions and inputs	(720,485)	(13,909)	246,207	118,033	(459)
Benefit payments	(32,000)	(53,000)	(42,000)	(40,000)	(30,000)
Net change in total OPEB liability	65,421	9,149	218,863	120,963	89,808
Total OPEB liability, beginning	1,499,715	1,490,566	1,271,703	1,150,740	1,060,932
Total OPEB liability, ending	$ 1,565,136	$ 1,499,715	$ 1,490,566	$ 1,271,703	$ 1,150,740
Covered-employee payroll	$ 11,862,999	$ 11,293,230	$ 10,581,465	$ 10,038,033	$ 9,396,390
City's total OPEB liability as a percentage of covered-employee payroll	13.19%	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 Five Fiscal Years[1,2]

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 27,350	$ 25,968	$ 21,925	$ 19,930	$ 19,802
Interest on total OPEB liability	4,223	5,914	8,163	8,167	6,649
Effect of economic/demographic gains or losses	(29,857)	(98,363)	(7,614)	(8,558)	2,454
Effect of assumptions changes or inputs	(46,323)	278	15,122	3,250	(2,492)
Benefit payments	(3,909)	(10,647)	(3,959)	(1,200)	(1,200)
Net change in total OPEB liability	(48,516)	(76,850)	33,637	21,589	25,213
Total OPEB liability, beginning	170,085	246,935	213,298	191,709	166,496
Total OPEB liability, ending	$ 121,569	$ 170,085	$ 246,935	$ 213,298	$ 191,709
Covered-employee payroll	$ 6,286,250	$ 6,330,845	$ 6,096,515	$ 5,795,583	$ 5,492,200
City's total OPEB liability as a percentage of covered-employee payroll	1.93%	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, 2022

	General	Derby Senior Activity Board	Payroll	Equipment Reserve	Capital Improvement Reserve	Public Safety Equipment Reserve	Total General Fund
Assets:							
Deposits and investments	$ 11,452,918	$ 23,478	$ 702,527	$ 23,867	$ 1,799,236	$ 1,259,815	$ 15,261,841
Receivables (net of allowance for uncollectibles):							
Taxes	11,767,363	-	-	-	-	-	11,767,363
Accounts	181,804	-	-	-	-	-	181,804
Interest	357,555	-	-	-	-	-	357,555
Inventories	255,122	-	-	-	-	-	255,122
Total assets	$ 24,014,762	$ 23,478	$ 702,527	$ 23,867	$ 1,799,236	$ 1,259,815	$ 27,823,685
Liabilities:							
Accounts payable	$ 333,793	$ -	$ -	$ -	$ 112,477	$ -	$ 446,270
Accrued payroll	-	-	1,040,649	-	-	-	1,040,649
Total liabilities	333,793	-	1,040,649	-	112,477	-	1,486,919
Deferred inflows of resources:							
Unavailable revenue - property taxes	10,324,843	-	-	-	-	-	10,324,843
Fund balances (deficits):							
Nonspendable:							
Inventories	255,122	-	-	-	-	-	255,122
Assigned:							
Senior activities	-	23,478	-	-	-	-	23,478
Equipment purchases	-	-	-	23,867	-	1,259,815	1,283,682
Capital improvements	582,213	-	-	-	1,686,759	-	2,268,972
Unassigned	12,518,791	-	(338,122)	-	-	-	12,180,669
Total fund balances (deficits)	13,356,126	23,478	(338,122)	23,867	1,686,759	1,259,815	16,011,923
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 24,014,762	$ 23,478	$ 702,527	$ 23,867	$ 1,799,236	$ 1,259,815	$ 27,823,685

CITY OF DERBY, KANSAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICITS)
GENERAL FUND
Year Ended December 31, 2022

	General	Derby Senior Activity Board	Payroll	Equipment Reserve
Revenues:				
Taxes:				
Property	$ 10,302,556	$ -	$ -	$ -
Excise	60,463	-	-	-
Sales	5,882,868	-	-	-
Franchise	2,604,180	-	-	-
Intergovernmental	430,504	-	-	-
Licenses and permits	663,924	-	-	-
Charges for services	412,513	-	-	-
Fines and fees	665,888	-	-	-
Investment earnings	447,744	-	-	-
Other	727,388	15,431	-	-
Total revenues	22,198,028	15,431	-	-
Expenditures:				
Current:				
General government	4,407,900	2,429	66,758	-
Public works	3,879,777	-	-	-
Public safety	8,409,708	-	-	-
Culture and recreation	1,869,550	-	-	-
Economic development	305,631	-	-	-
Capital outlay	1,779,513	-	-	-
Total expenditures	20,652,079	2,429	66,758	-
Excess (deficiency) of revenues over (under) expenditures	1,545,949	13,002	(66,758)	-
Other financing sources (uses):				
Transfers in	350,000	-	-	-
Transfers out	(1,333,499)	-	-	-
Sale of general capital assets	61,044	-	-	-
Total other financing sources (uses)	(922,455)	-	-	-
Net change in fund balances (deficits)	623,494	13,002	(66,758)	-
Fund balances (deficits), beginning of year	12,732,632	10,476	(271,364)	23,867
Fund balances (deficits), end of year	$ 13,356,126	$ 23,478	$ (338,122)	$ 23,867

(Continued)

CITY OF DERBY, KANSAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICITS)
GENERAL FUND
(Continued)
Year Ended December 31, 2022

	Capital Improvement Reserve	Public Safety Equipment Reserve	Eliminations	Total General Fund
Revenues:				
Taxes:				
Property	$ -	$ -	$ -	$ 10,302,556
Excise	-	-	-	60,463
Sales	-	-	-	5,882,868
Franchise	-	-	-	2,604,180
Intergovernmental	-	5,546	-	436,050
Licenses and permits	-	-	-	663,924
Charges for services	-	-	-	412,513
Fines and fees	-	-	-	665,888
Investment earnings	-	-	-	447,744
Other	-	-	-	742,819
Total revenues	-	5,546	-	22,219,005
Expenditures:				
Current:				
General government	-	-	-	4,477,087
Public works	-	-	-	3,879,777
Public safety	-	-	-	8,409,708
Culture and recreation	-	-	-	1,869,550
Economic development	-	-	-	305,631
Capital outlay	195,851	557,116	-	2,532,480
Total expenditures	195,851	557,116	-	21,474,233
Excess (deficiency) of revenues over (under) expenditures	(195,851)	(551,570)	-	744,772
Other financing sources (uses):				
Transfers in	961,440	940,078	(1,333,499)	918,019
Transfers out	-	-	1,333,499	-
Sale of general capital assets	-	-	-	61,044
Total other financing sources (uses)	961,440	940,078	-	979,063
Net change in fund balances (deficits)	765,589	388,508	-	1,723,835
Fund balances (deficits), beginning of year	921,170	871,307	-	14,288,088
Fund balances (deficits), end of year	$ 1,686,759	$ 1,259,815	$ -	$ 16,011,923

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DERBY SENIOR ACTIVITY BOARD
Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Contributions	$ 9,100	$ 15,431	$ 6,331
Expenditures:			
Board expenditures	20,638	2,429	(18,209)
Net change in fund balances	(11,538)	13,002	24,540
Fund balance, beginning of year	11,538	10,476	(1,062)
Fund balance, end of year	$ -	$ 23,478	$ 23,478

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.

Capital Projects Fund

ARPA – This fund accounts for American Rescue Plan Act (ARPA) monies distributed by the State of Kansas to address medical or public health needs related to the pandemic.

CITY OF DERBY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022

	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	$ 1,075,790	$ 264,532	$ 123,225	$ 6,179	$ 3,428	$ 5,208
Receivables (net of allowance for uncollectibles):						
Taxes	-	-	-	-	-	-
Total assets	$ 1,075,790	$ 264,532	$ 123,225	$ 6,179	$ 3,428	$ 5,208
Liabilities:						
Accounts payable	$ -	$ -	$ 372	$ -	$ -	$ 2,203
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	372	-	-	2,203
Deferred inflows of resources:						
Unavailable revenue - property taxes	-	-	-	-	-	-
Fund balances:						
Restricted:						
Capital projects	-	-	-	-	-	-
Substance abuse prevention	-	-	122,853	6,179	-	-
Culture and recreation	-	264,532	-	-	-	-
Crime prevention	-	-	-	-	3,428	3,005
Library operations	-	-	-	-	-	-
Streets and sidewalks	1,075,790	-	-	-	-	-
Assigned:						
Library operations	-	-	-	-	-	-
Aquatic park operations	-	-	-	-	-	-
Total fund balances	1,075,790	264,532	122,853	6,179	3,428	3,005
Total liabilities, deferred inflows of resources, and fund balances	$ 1,075,790	$ 264,532	$ 123,225	$ 6,179	$ 3,428	$ 5,208

(Continued)

CITY OF DERBY, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
December 31, 2022

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Library	Library Employee Benefits	Aquatic Park	ARPA	
Assets:					
Deposits and investments	$ 70,472	$ 17,803	$ 962,528	$ 3,737,801	$ 6,266,966
Receivables (net of allowance for uncollectibles):					
Taxes	1,167,101	120,512	18,867	-	1,306,480
Total assets	$ 1,237,573	$ 138,315	$ 981,395	$ 3,737,801	$ 7,573,446
Liabilities:					
Accounts payable	$ 2,061	$ -	$ 144	$ -	$ 4,780
Unearned revenue	-	-	-	3,727,830	3,727,830
Total liabilities	2,061	-	144	3,727,830	3,732,610
Deferred inflows of resources:					
Unavailable revenue - property taxes	1,167,101	120,512	-	-	1,287,613
Fund balances:					
Restricted:					
Capital projects	-	-	-	9,971	9,971
Substance abuse prevention	-	-	-	-	129,032
Culture and recreation	-	-	-	-	264,532
Crime prevention	-	-	-	-	6,433
Library operations	68,411	-	-	-	68,411
Streets and sidewalks	-	-	-	-	1,075,790
Assigned:					
Library operations	-	17,803	-	-	17,803
Aquatic park operations	-	-	981,251	-	981,251
Total fund balances	68,411	17,803	981,251	9,971	2,553,223
Total liabilities, deferred inflows of resources, and fund balances	$ 1,237,573	$ 138,315	$ 981,395	$ 3,737,801	$ 7,573,446

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	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	995,660	88,475	88,475	6,179	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	1	2
Other	-	-	-	-	-	-
Total revenues	995,660	88,475	88,475	6,179	1	2
Expenditures:						
Current:						
General government	-	-	62,946	-	-	-
Public works	1,267,046	-	-	-	-	-
Public safety	-	-	-	-	-	12,148
Culture and recreation	-	-	-	-	-	-
Total expenditures	1,267,046	-	62,946	-	-	12,148
Excess (deficiency) of revenues over (under) expenditures	(271,386)	88,475	25,529	6,179	1	(12,146)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(271,386)	88,475	25,529	6,179	1	(12,146)
Fund balances, beginning of year	1,347,176	176,057	97,324	-	3,427	15,151
Fund balances, end of year	$ 1,075,790	$ 264,532	$ 122,853	$ 6,179	$ 3,428	$ 3,005

(Continued)

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
Year Ended December 31, 2021

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Library	Library Employee Benefits	Aquatic Park	ARPA	Eliminations	
Revenues:						
Taxes:						
Property	$ 1,196,049	$ 131,015	$ -	$ -	$ -	$ 1,327,064
Excise	7,999	875	-	-	-	8,874
Franchise	-	-	273,114	-	-	273,114
Intergovernmental	-	-	-	-	-	1,178,789
Charges for services	-	-	26,553	-	-	26,553
Investment earnings	-	-	-	-	-	3
Other	-	-	98,673	-	-	98,673
Total revenues	1,204,048	131,890	398,340	-	-	2,913,070
Expenditures:						
Current:						
General government	1,131,891	187,169	-	-	-	1,382,006
Public works	-	-	-	(9,971)	-	1,257,075
Public safety	-	-	-	-	-	12,148
Culture and recreation	-	-	260,591	-	-	260,591
Total expenditures	1,131,891	187,169	260,591	(9,971)	-	2,911,820
Excess (deficiency) of revenues over (under) expenditures	72,157	(55,279)	137,749	9,971	-	1,250
Other financing sources (uses):						
Transfers in	-	50,000	-	-	(50,000)	-
Transfers out	(50,000)	-	-	-	50,000	-
Total other financing sources (uses)	(50,000)	50,000	-	-	-	-
Net change in fund balances	22,157	(5,279)	137,749	9,971	-	1,250
Fund balances, beginning of year	46,254	23,082	843,502	-	-	2,551,973
Fund balances, end of year	$ 68,411	$ 17,803	$ 981,251	$ 9,971	$ -	$ 2,553,223

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, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Gasoline tax	$ 988,254	$ 995,660	$ 7,406
Expenditures:			
Capital outlay	1,890,807	883,850	(1,006,957)
Net change in fund balances	(902,553)	111,810	1,014,363
Fund balance, beginning of year	902,553	963,980	61,427
Fund balance, end of year	$ -	$ 1,075,790	$ 1,075,790

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, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special alcohol tax	$ 78,000	$ 88,475	$ 10,475
Expenditures:			
Capital outlay	246,408	-	(246,408)
Net change in fund balances	(168,408)	88,475	256,883
Fund balances, beginning of year	168,408	176,057	7,649
Fund balances, end of year	$ -	$ 264,532	$ 264,532

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, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Special alcohol tax	$ 78,000	$ 88,475	$ 10,475
Expenditures:			
DARE program	170,284	62,946	(107,338)
Net change in fund balances	(92,284)	25,529	117,813
Fund balance, beginning of year	92,784	97,324	4,540
Fund balance, end of year	$ 500	$ 122,853	$ 122,353

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND
Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	$ 1,197,709	$ 1,204,048	$ 6,339
Expenditures:			
Personnel	696,004	616,891	(79,113)
Contractual	493,979	515,000	21,021
Total expenditures	1,189,983	1,131,891	(58,092)
Excess of revenues over expenditures	7,726	72,157	64,431
Other financing uses:			
Transfers out	(52,000)	(50,000)	2,000
Net change in fund balances	(44,274)	22,157	66,431
Fund balance, beginning of year	44,274	46,254	1,980
Fund balance, end of year	$ -	$ 68,411	$ 68,411

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY EMPLOYEE BENEFITS FUND
Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	$ 131,458	$ 131,890	$ 432
Expenditures:			
Personnel	203,756	187,169	(16,587)
Deficit of revenues under expenditures	(72,298)	(55,279)	17,019
Other financing sources:			
Transfers in	52,000	50,000	(2,000)
Net change in fund balances	(20,298)	(5,279)	15,019
Fund balance, beginning of year	20,298	23,082	2,784
Fund balance, end of year	$ -	$ 17,803	$ 17,803

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
AQUATIC PARK FUND
Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Franchise tax	$ 228,126	$ 273,114	$ 44,988
Charges for services	18,000	26,553	8,553
Investment earnings	600	-	(600)
Other	3,000	98,673	95,673
Total revenues	249,726	398,340	148,614
Expenditures:			
Contractual	368,500	260,591	(107,909)
Capital outlay	75,000	-	(75,000)
Total expenditures	443,500	260,591	(182,909)
Net change in fund balances	(193,774)	137,749	331,523
Fund balance, beginning of year	554,958	843,502	288,544
Fund balance, end of year	$ 361,184	$ 981,251	$ 620,067

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, 2022

	Fleet Management	Health Self-Insurance	Total Internal Service Funds
Assets:			
Current assets:			
Deposits and investments	$ 826,090	$ 1,367,213	$ 2,193,303
Noncurrent assets:			
Capital assets:			
Right to use leased equipment	648,952	-	648,952
Accumulated depreciation	(106,415)	-	(106,415)
Total noncurrent assets	542,537	-	542,537
Total assets	1,368,627	1,367,213	2,735,840
Liabilities:			
Current liabilities:			
Accounts payable	-	348,413	348,413
Noncurrent liabilities:			
Leases payable	573,439	-	573,439
Total liabilities	573,439	348,413	921,852
Net position:			
Net investment in capital assets	(30,902)	-	(30,902)
Unrestricted	826,090	1,018,800	1,844,890
Total net position	$ 795,188	$ 1,018,800	$ 1,813,988

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2022

	Fleet Management	Health Self-Insurance	Total Internal Service Funds
Operating revenues:			
Charges for sales and services	$ 254,100	$ 2,807,560	$ 3,061,660
Operating expenses:			
Personnel	-	3,206,743	3,206,743
Contractual	3,631	-	3,631
Depreciation	104,450	-	104,450
Total operating expenses	108,081	3,206,743	3,314,824
Operating income (loss)	146,019	(399,183)	(253,164)
Nonoperating revenues (expenses):			
Interest expense	(5,451)	-	(5,451)
Gain on sale of assets	654,620	-	654,620
Total nonoperating revenues (expenses)	649,169	-	649,169
Change in net position	795,188	(399,183)	396,005
Total net position, beginning of year	-	1,417,983	1,417,983
Total net position, end of year	$ 795,188	$ 1,018,800	$ 1,813,988

CITY OF DERBY, KANSAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2022

	Fleet Management	Health Self-Insurance	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from customers	$ 254,100	$ 2,807,560	$ 3,061,660
Payments to suppliers	(3,631)	-	(3,631)
Payments to employees	-	(3,187,784)	(3,187,784)
Net cash from operating activities	250,469	(380,224)	(129,755)
Cash flows from capital and related financing activities:			
Interest and bond issuance costs paid on debt	(5,451)	-	(5,451)
Proceeds from sale of assets	654,620	-	654,620
Principal paid on leases	(73,548)	-	(73,548)
Net cash from capital and related financing activities	575,621	-	575,621
Net change in cash and cash equivalents	826,090	(380,224)	445,866
Cash and cash equivalents, beginning of year	-	1,747,437	1,747,437
Cash and cash equivalents, end of year	$ 826,090	$ 1,367,213	$ 2,193,303
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	$ 146,019	$ (399,183)	$ (253,164)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Items not requiring cash:			
Depreciation	104,450	-	104,450
Changes in:			
Accounts payable	-	18,959	18,959
Net cash from operating activities	$ 250,469	$ (380,224)	$ (129,755)

CITY OF DERBY, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2022

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Ad valorem property tax	$ 1,744,659	$ 1,747,279	$ 2,620
Delinquent tax	24,200	23,529	(671)
Motor vehicle tax	328,800	325,422	(3,378)
Excise tax	5,180	23,084	17,904
Special assessments	2,944,093	3,116,984	172,891
Intergovernmental	499,470	-	(499,470)
Investment earnings	2,000	65,709	63,709
Other	-	522,798	522,798
Total revenues	5,548,402	5,824,805	276,403
Expenditures:			
Principal	4,472,973	4,445,335	(27,638)
Interest	1,475,106	1,591,860	116,754
Miscellaneous	894,691	-	(894,691)
Total expenditures	6,842,770	6,037,195	(805,575)
Deficiency of revenues under expenditures	(1,294,368)	(212,390)	1,081,978
Other financing sources:			
Transfers in	-	95,825	95,825
Net change in fund balances	(1,294,368)	(116,565)	1,177,803
Fund balance, beginning of year	1,294,368	1,469,796	175,428
Fund balance, end of year	$ -	$ 1,353,231	$ 1,353,231

CITY OF DERBY, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
DERBY PUBLIC LIBRARY
December 31, 2022

Assets:		
Deposits and investments	$	840,433
Prepaid items		34,807
Total assets	$	875,240
Liabilities:		
Accounts payable	$	16,744
Fund balance:		
Nonspendable - prepaid items		34,807
Assigned		823,689
Total fund balance		858,496
Total liabilities and fund balance	$	875,240

CITY OF DERBY, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DISCRETELY PRESENTED COMPONENT UNIT
DERBY PUBLIC LIBRARY
Year Ended December 31, 2022

Revenues:		
Taxes	$	515,000
Fines and fees		137,068
Gifts and grants		195,865
Investment earnings		1,011
Total revenues		848,944
Expenditures:		
Current:		
Education		667,060
Net change in fund balance		181,884
Fund balance, beginning of year		676,612
Fund balance, end of year	$	858,496

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.	95
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	103
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.	107
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.	111
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.	113

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)

	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	$ 74,929,343	$ 76,973,789	$ 78,997,234	$ 80,079,611	$ 81,044,031
Restricted	31,377,673	23,979,186	25,855,605	28,934,914	27,849,580
Unrestricted	9,251,877	9,426,115	1,563,053	2,775,689	4,121,645
Total governmental activities net position	$ 115,558,893	$ 110,379,090	$ 106,415,892	$ 111,790,214	$ 113,015,256
Business-type activities					
Net investment in capital assets	$ 22,590,541	$ 23,494,493	$ 23,496,049	$ 23,673,645	$ 25,936,436
Unrestricted	7,297,156	8,332,066	8,054,907	8,349,054	8,570,330
Total business-type activities net position	$ 29,887,697	$ 31,826,559	$ 31,550,956	$ 32,022,699	$ 34,506,766
Primary Government					
Net investment in capital assets	$ 97,519,884	$ 100,468,282	$ 102,493,283	$ 103,753,256	$ 106,980,467
Restricted	31,377,673	23,979,186	25,855,605	28,934,914	27,849,580
Unrestricted	16,549,033	17,758,181	9,617,960	11,124,743	12,691,975
Total primary government net position	$ 145,446,590	$ 142,205,649	$ 137,966,848	$ 143,812,913	$ 147,522,022

	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets	$ 89,230,087	$ 89,103,942	$ 83,079,651	$ 91,754,688	$ 77,649,958
Restricted	25,633,762	26,983,097	32,414,255	30,340,671	40,781,198
Unrestricted	4,135,072	5,205,544	5,023,778	4,189,473	6,834,428
Total governmental activities net position	$ 118,998,921	$ 121,292,583	$ 120,517,684	$ 126,284,832	$ 125,265,584
Business-type activities					
Net investment in capital assets	$ 22,161,174	$ 24,317,166	$ 26,447,176	$ 26,552,466	$ 27,075,739
Unrestricted	13,678,977	11,960,374	14,263,673	16,791,305	20,070,223
Total business-type activities net position	$ 35,840,151	$ 36,277,540	$ 40,710,849	$ 43,343,771	$ 47,145,962
Governmental activities					
Net investment in capital assets	$ 111,391,261	$ 113,421,108	$ 109,526,827	$ 118,307,154	$ 104,725,697
Restricted	25,633,762	26,983,097	32,414,255	30,340,671	40,781,198
Unrestricted	17,814,049	17,165,918	19,287,451	20,980,778	26,904,651
Total governmental activities net position	$ 154,839,072	$ 157,570,123	$ 161,228,533	$ 169,628,603	$ 172,411,546

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

	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government	$ 7,925,610	$ 7,897,162	$ 7,657,466	$ 7,773,058	$ 7,703,658
Public safety	4,496,414	4,673,971	4,880,233	5,134,304	5,355,900
Public works	5,692,678	6,679,417	6,245,143	6,411,905	7,142,710
Culture and recreation	1,464,069	5,825,829	1,317,498	1,826,872	1,505,068
Economic development	454,647	414,564	372,781	390,258	372,519
Interest on long-term debt	1,892,577	2,019,786	1,792,237	1,698,437	1,844,998
Total government activities expenses	21,925,995	27,510,729	22,265,358	23,234,834	23,924,853
Business-type activities:					
Sewer	2,527,094	2,542,525	3,045,801	2,941,529	2,745,237
Water	4,157,883	4,430,801	4,422,221	4,736,231	5,415,949
Stormwater	366,660	423,080	435,426	439,443	484,247
Total business-type activities expenses	7,051,637	7,396,406	7,903,448	8,117,203	8,645,433
Total primary government expenses	$ 28,977,632	$ 34,907,135	$ 30,168,806	$ 31,352,037	$ 32,570,286
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 771,990	$ 1,035,382	$ 1,191,360	$ 1,002,225	$ 1,257,306
Public safety	585,885	905,643	824,400	531,558	557,714
Public works/services/engineering/parks	530,670	395,668	413,635	395,934	558,314
Culture and recreation	137,679	189,380	219,063	151,240	75,246
Operating grants and contributions	1,291,076	1,298,680	1,335,151	1,358,052	1,574,236
Capital grants and contributions	192,822	1,986,888	5,028,289	6,596,190	3,610,682
Total governmental activities program revenues	3,510,122	5,811,641	9,011,898	10,035,199	7,633,498
Business-type activities					
Charges for services:					
Sewer	2,820,305	2,853,072	2,933,501	2,982,348	3,099,532
Water	3,759,431	4,430,777	4,626,455	4,809,111	5,251,795
Stormwater	524,016	532,338	541,292	558,777	603,673
Capital grants and contributions	45,491	281,709	43,316	41,698	39,760
Total business-type activities program revenues	7,149,243	8,097,896	8,144,564	8,391,934	8,994,760
Total primary government program revenues	10,659,365	13,909,537	17,156,462	18,427,133	16,628,258
Net (Expense)/Revenue					
Governmental activities	(18,415,873)	(21,699,088)	(13,253,460)	(13,199,635)	(16,291,355)
Business-type activities	97,606	701,490	241,116	274,731	349,327
Total primary government net expense	$ (18,318,267)	$ (20,997,598)	$ (13,012,344)	$ (12,924,904)	$ (15,942,028)

(Continued)

(Continued)

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

	2018	2019	2020	2021	2022
Expenses					
Governmental activities:					
General government	$ 6,521,315	$ 7,661,796	$ 7,354,943	$ 6,541,278	$ 8,734,946
Public safety	7,394,895	7,785,647	8,428,244	9,176,526	9,788,103
Public works	6,652,629	6,781,124	7,333,085	8,264,061	9,047,743
Culture and recreation	2,052,916	2,031,318	5,384,947	2,815,245	3,676,191
Economic development	372,102	385,028	346,334	316,486	1,941,029
Interest on long-term debt	2,164,724	2,302,615	2,272,672	1,735,052	2,304,864
Total government activities expenses	25,158,581	26,947,528	31,120,225	28,848,648	35,492,876
Business-type activities:					
Sewer	2,741,641	2,429,493	2,905,321	2,972,016	2,855,681
Water	5,524,713	7,351,896	5,578,717	5,644,057	6,920,360
Stormwater	584,204	551,061	533,322	773,035	695,474
Total business-type activities expenses	8,850,558	10,332,450	9,017,360	9,389,108	10,471,515
Total primary government expenses	$ 34,009,139	$ 37,279,978	$ 40,137,585	$ 38,237,756	$ 45,964,391
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 1,094,366	$ 1,327,032	$ 1,139,593	$ 1,325,057	$ 1,455,678
Public safety	748,847	739,358	700,729	743,262	632,085
Public works/services/engineering/parks	424,909	903,731	715,229	731,682	959,725
Culture and recreation	121,935	128,131	10,891	237,491	193,857
Operating grants and contributions	1,556,013	1,472,861	2,197,598	1,466,026	1,584,593
Capital grants and contributions	6,700,340	2,950,330	5,055,799	6,378,441	3,693,383
Total governmental activities program revenues	10,646,410	7,521,443	9,819,839	10,881,959	8,519,321
Business-type activities					
Charges for services:					
Sewer	3,162,718	3,256,901	3,290,006	3,429,232	3,559,726
Water	5,720,171	5,759,774	6,718,575	7,053,886	8,380,506
Stormwater	578,854	602,574	612,193	624,991	623,513
Capital grants and contributions	929,963	35,710	-	-	-
Total business-type activities program revenues	10,391,706	9,654,959	10,620,774	11,108,109	12,563,745
Total primary government program revenues	$ 21,038,116	$ 17,176,402	$ 20,440,613	$ 21,990,068	$ 21,083,066
Net (Expense)/Revenue					
Governmental activities	$ (14,512,171)	$ (19,426,085)	$ (21,300,386)	$ (17,966,689)	$ (26,973,555)
Business-type activities	1,541,148	(677,491)	1,603,414	1,719,001	2,092,230
Total primary government net expense	$ (12,971,023)	$ (20,103,576)	$ (19,696,972)	$ (16,247,688)	$ (24,881,325)

(Continued)

(Continued)

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

	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position					
Governmental-Type Activities					
Taxes					
Property taxes - general	$ 9,600,347	$ 9,622,171	$ 9,840,794	$ 10,092,153	$ 10,744,257
Sales taxes	5,854,328	6,035,167	6,288,336	6,555,967	6,574,912
Franchise taxes	1,862,477	2,020,693	1,941,546	1,967,030	1,997,039
Excise taxes	15,520	15,918	7,442	25,731	18,048
Grants and contributions unrestricted	-	-	-	-	-
Gain on sale of capital assets	-	-	-	4,047	25,875
Unrestricted investment earnings	48,533	24,380	51,676	108,238	278,463
Transfers	(7,300,801)	(1,199,044)	(317,678)	(179,209)	(2,122,197)
Total Governmental Activities	10,080,404	16,519,285	17,812,116	18,573,957	17,516,397
Business type activities:					
Unrestricted Investment earnings	3,856	4,828	6,834	17,803	26,151
Gain on sale of capital assets	-	33,500	-	-	(13,608)
Transfers	7,300,801	1,199,044	317,678	179,209	2,122,197
Total business-type activities	7,304,657	1,237,372	324,512	197,012	2,134,740
Total primary government	$ 17,385,061	$ 17,756,657	$ 18,136,628	$ 18,770,969	$ 19,651,137
Change in Net Position					
Governmental activities	$ (8,335,469)	$ (5,179,803)	$ 4,558,656	$ 5,374,322	$ 1,225,042
Business-type activities	7,402,263	1,938,862	565,628	471,743	2,484,067
Total primary government	$ (933,206)	$ (3,240,941)	$ 5,124,284	$ 5,846,065	$ 3,709,109

(Continued)

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

	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position					
Governmental-Type Activities					
Taxes					
Property taxes - general	$ 11,294,754	$ 11,891,950	$ 12,723,203	$ 13,148,957	$ 13,725,850
Sales taxes	6,970,762	7,422,454	7,748,364	8,942,106	9,617,791
Franchise taxes	2,360,746	2,319,524	2,331,221	2,393,182	2,877,294
Excise taxes	18,460	21,586	20,876	46,852	92,421
Grants and contributions unrestricted	-	-	-	78,700	-
Gain on sale of capital assets	10,590	-	-	-	654,620
Unrestricted investment earnings	573,474	1,060,534	476,756	33,773	624,184
Transfers	168,730	(996,301)	(2,774,933)	(909,733)	(1,637,853)
Total Governmental Activities	21,397,516	21,719,747	20,525,487	23,733,837	25,954,307
Business type activities:					
Unrestricted Investment earnings	63,665	118,579	54,962	4,188	72,108
Gain on sale of capital assets	-	-	-	-	-
Transfers	(168,730)	996,301	2,774,933	909,733	1,637,853
Total business-type activities	(105,065)	1,114,880	2,829,895	913,921	1,709,961
Total primary government	$ 21,292,451	$ 22,834,627	$ 23,355,382	$ 24,647,758	$ 27,664,268
Change in Net Position					
Governmental activities	$ 6,885,345	$ 2,293,662	$ (774,899)	$ 5,767,148	$ (1,019,248)
Business-type activities	1,436,083	437,389	4,433,309	2,632,922	3,802,191
Total primary government	$ 8,321,428	$ 2,731,051	$ 3,658,410	$ 8,400,070	$ 2,782,943

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

	2013	2014	2015	2016	2017
General Fund					
Nonspendable	$ 218,990	$ 240,913	$ 255,178	$ 250,646	$ 326,159
Restricted	1,834	-	-	-	-
Assigned	3,007,474	1,740,418	1,462,054	1,648,394	2,086,983
Unassigned	5,836,379	6,664,396	7,539,205	8,422,593	9,549,018
Total general fund	$ 9,064,677	$ 8,645,727	$ 9,256,437	$10,321,633	$11,962,160
All Other Governmental Funds					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	12,336,780	14,675,470	8,957,637	6,405,520	9,103,122
Assigned	689,074	1,036,874	1,221,910	1,342,277	1,214,692
Total all other governmental funds	$13,025,854	$15,712,344	$10,179,547	$ 7,747,797	$10,317,814

	2018	2019	2020	2021	2022
General Fund					
Nonspendable	$ 348,621	$ 357,627	$ 257,620	$ 309,337	$ 255,122
Restricted	-	-	-	-	-
Assigned	1,891,919	1,961,123	1,927,520	2,188,205	3,576,132
Unassigned	10,532,329	11,445,266	12,519,786	11,790,546	12,180,669
Total general fund	$12,772,869	$13,764,016	$14,704,926	$14,288,088	$16,011,923
All Other Governmental Funds					
Nonspendable	$ -	$ -	$ -	$ -	$ 1,478,000
Restricted	15,758,314	13,979,282	15,853,031	12,842,829	23,364,402
Assigned	1,087,867	1,136,832	942,616	866,584	999,054
Total all other governmental funds	$16,846,181	$15,116,114	$16,795,647	$13,709,413	$25,841,456

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

	2013	2014	2015	2016	2017
Revenues					
Taxes:					
Property - general	$ 9,600,347	$ 9,622,171	$ 9,840,794	$ 10,092,153	$ 10,744,257
Excise	15,520	15,918	7,442	25,731	18,048
Sales	5,854,328	6,035,167	6,288,336	6,555,967	6,574,912
Franchise	1,862,477	2,020,693	1,941,546	1,967,030	1,997,039
Special assessments	4,410,563	4,554,121	4,311,811	3,862,017	3,745,878
Intergovernmental	1,417,910	1,396,754	1,528,793	1,503,968	1,679,956
Licenses & permits	516,908	445,416	490,566	414,531	646,612
Charges for services	255,227	279,559	276,316	307,493	530,879
Fines & fees	728,104	919,007	981,393	739,194	800,015
Investment earnings	48,533	24,380	51,675	108,238	278,463
Miscellaneous	633,469	874,039	787,956	911,346	943,852
Total revenues	25,343,386	26,187,225	26,506,628	26,487,668	27,959,911
Expenditures					
General government	7,481,897	7,469,262	7,402,130	7,301,623	7,697,476
Public works	2,799,674	3,869,142	3,359,036	3,306,997	3,433,333
Public safety	4,148,474	4,263,425	4,491,568	4,824,089	4,922,062
Culture and recreation	1,129,603	1,123,977	1,050,885	1,202,081	1,346,478
Economic development	454,647	414,465	372,583	390,061	372,322
Debt service					
Principal	8,034,943	13,289,226	6,215,476	5,909,759	6,036,009
Interest and fiscal charges	1,767,365	1,670,504	1,604,036	1,549,600	1,548,588
Debt issuance costs	152,252	317,625	256,438	172,610	268,954
Capital outlay	7,073,178	6,738,444	9,548,113	5,911,465	7,496,574
Total expenditures	33,042,033	39,156,070	34,300,265	30,568,285	33,121,796
Deficiency of revenues under expenditures	(7,698,647)	(12,968,845)	(7,793,637)	(4,080,617)	(5,161,885)
Other Financing Sources (Uses)					
General obligation bonds issued	4,500,000	9,285,000	6,480,000	1,275,000	7,405,000
General obligation refunding bonds issued	1,700,000	3,300,000	3,165,000	4,485,000	-
Premium on general obligation bonds issued	167,968	337,385	347,087	251,322	153,429
Discount on general obligation bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	(3,205,139)	(1,307,859)	-
Sales tax special obligation revenue bonds issued	-	-	-	-	-
Temporary notes issued	4,630,000	3,885,000	-	1,470,000	3,905,000
Premium on general obligation refund bonds issued	-	-	-	-	-
Premium on temp notes issued	-	-	-	-	-
Payment to refund temporary notes	(3,550,000)	(1,930,000)	(4,705,000)	(3,810,000)	(2,450,000)
Sale of general capital assets	-	-	-	-	-
Transfers in (out), net	326,663	359,000	372,914	350,600	359,000
Total other financing sources (uses)	7,774,631	15,236,385	2,454,862	2,714,063	9,372,429
Net change in fund balance	$ 75,984	$ 2,267,540	$ (5,338,775)	$ (1,366,554)	$ 4,210,544
Debt service as a percentage of noncapital expenditures	37.43%	45.74%	31.35%	28.81%	26.60%

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

	2018	2019	2020	2021	2022
Revenues					
Taxes:					
Property - general	$ 11,294,754	$ 11,891,950	$ 12,723,203	$ 13,148,957	$ 13,725,850
Excise	18,460	21,586	20,876	46,852	92,421
Sales	6,970,762	7,422,454	7,748,364	8,942,106	9,617,791
Franchise	2,360,746	2,319,524	2,331,221	2,393,182	2,877,294
Special assessments	3,691,226	3,539,077	3,895,582	3,172,852	3,116,984
Intergovernmental	1,565,344	1,649,716	2,198,840	1,557,400	1,614,839
Licenses & permits	471,649	672,927	493,494	608,309	663,924
Charges for services	376,653	464,417	286,579	456,976	439,066
Fines & fees	779,638	843,861	698,028	720,487	665,888
Investment earnings	573,474	1,060,535	476,756	33,774	624,184
Miscellaneous	1,023,707	1,285,556	1,251,173	1,481,527	1,736,066
Total revenues	29,126,413	31,171,603	32,124,116	32,562,422	35,174,307
Expenditures					
General government	6,001,631	6,594,963	5,848,216	5,636,476	6,338,280
Public works	3,781,531	3,772,442	4,260,345	4,334,368	5,136,852
Public safety	7,101,767	7,612,141	7,843,728	8,363,779	8,970,431
Culture and recreation	1,638,390	1,374,470	1,858,828	1,991,010	2,251,752
Economic development	371,905	384,831	346,235	316,486	1,941,028
Debt service					
Principal	6,035,459	13,872,209	12,758,562	12,822,662	8,034,735
Interest and fiscal charges	1,849,827	2,133,516	2,095,706	1,898,533	1,859,788
Debt issuance costs	315,121	270,973	309,744	245,379	426,403
Capital outlay	9,607,941	13,311,867	9,470,688	6,142,158	5,217,748
Total expenditures	36,703,572	49,327,412	44,792,052	41,750,851	40,177,017
Deficiency of revenues under expenditures	(7,577,159)	(18,155,809)	(12,667,936)	(9,188,429)	(5,002,710)
Other Financing Sources (Uses)					
General obligation bonds issued	12,490,000	14,211,960	3,990,000	4,620,000	2,130,000
General obligation refunding bonds issued	-	-	3,415,000	2,720,000	-
Premium on general obligation bonds issued	447,467	1,201,244	445,507	331,788	79,526
Discount on general obligation bonds issued	-	-	-	(9,797)	(435,982)
Payment to refunding bond escrow agent	-	-	-	(6,485,294)	-
Sales tax special obligation revenue bonds issued	-	-	575,000	-	14,114,000
Temporary notes issued	4,635,000	1,975,000	6,855,000	3,835,000	2,910,000
Premium on general obligation refund bonds issued	-	-	-	271,710	-
Premium on temp notes issued	-	-	-	5,522	-
Payment to refund temporary notes	(3,480,000)	-	-	-	-
Sale of general capital assets	-	-	-	-	-
Transfers in (out), net	-	25,512	7,872	-	61,044
Total other financing sources (uses)	360,634	3,173	-	396,428	-
Net change in fund balance	14,453,101	17,416,889	15,288,379	5,685,357	18,858,588
	$ 6,875,942	$ (738,920)	$ 2,620,443	$ (3,503,072)	$ 13,855,878
Debt service as a percentage of noncapital expenditures	28.99%	42.57%	36.00%	39.93%	26.97%

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
2013	$ 304,037,825	$ 3,061,261	$ 4,396,534	$ 130,415,949	$ 181,079,671	47.054	$ 1,466,077,942	12.35%
2014	314,043,786	3,541,887	4,380,760	136,737,947	185,228,486	47.149	1,501,702,109	12.33%
2015	330,017,787	3,389,626	4,770,959	148,603,132	189,575,240	47.009	1,543,334,156	12.28%
2016	346,611,750	3,651,687	4,930,888	151,779,486	203,414,839	48.021	1,622,937,503	12.53%
2017	375,018,590	3,072,651	5,307,594	175,637,615	207,761,220	48.075	1,694,655,711	12.26%
2018	394,029,436	3,010,975	5,697,575	181,982,343	220,755,643	48.063	1,792,088,075	12.32%
2019	420,173,053	3,009,709	6,044,633	191,405,045	237,822,350	48.049	1,916,336,797	12.41%
2020	450,141,884	3,227,016	6,357,574	206,391,784	253,334,690	48.040	2,050,569,002	12.35%
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%

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
2013	$ 34.539	$ 7.891	$ 4.624	$ 47.054	$ 1.058	$ 60.082	$ 29.377	$ 1.500	$139.071
2014	32.211	10.302	4.636	47.149	1.057	56.294	29.478	1.500	135.478
2015	34.502	7.897	4.610	47.009	1.068	62.156	29.383	1.500	141.116
2016	33.870	9.539	4.612	48.021	1.053	59.433	29.393	1.500	139.400
2017	31.916	11.543	4.616	48.075	1.036	60.684	29.393	1.500	140.688
2018	31.908	11.540	4.615	48.063	1.025	65.699	29.383	1.500	145.670
2019	31.900	11.535	4.614	48.049	1.016	66.004	29.384	1.500	145.953
2020	31.428	11.999	4.613	48.040	0.988	65.888	29.376	1.500	145.792
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

Source: Sedgwick County Clerk's Office

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

	2022			2013		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
CBC Derby LLC/CBC Derby MOB 2 LLC	$ 4,561,000	1	1.59%			
Greens At Derby The/Greens At Derby II	4,554,415	2	1.59%			
EVERGY KANSAS SOUTH INC	4,319,802	3	1.51%			
Wal-Mart Real Estate Business Trust	3,957,972	4	1.38%	$ 2,656,923	1	2.30%
The Trails at Derby	3,801,993	5	1.33%			
Fairways At Derby LP	2,477,952	6	0.87%			
Kansas Gas Service - Div of Oneok	2,191,612	7	0.77%	497,918	7	0.45%
ARG DMDERKS001 LLC	2,069,875	8	0.72%			
Dillon Companies Inc	1,947,800	9	0.68%			
Lowes Home Centers Inc	1,903,175	10	0.67%			
Kansas Gas Service - A Western Res				1,692,516	2	1.54%
Southwestern Bell Telephone				1,418,749	3	1.29%
Derby Group LLC				765,750	4	0.70%
Towne Center Shopping Center				539,450	5	0.49%
Bristol Square LLC				498,950	6	0.45%
Derby Family Med Center				472,524	8	0.43%
Warren Family LLC				342,923	9	0.31%
Family Health Clinic				338,406	10	0.31%
Total	$ 31,785,596		11.11%	$ 9,224,109		8.27%

Source: Sedgwick County Clerk's Office

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

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

Source: Sedgwick County Treasurer's Office

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

	2013	2014	2015	2016	2017
Legal debt limit	90,448,686	96,589,930	101,453,512	106,558,298	115,019,651
Total net debt applicable to debt limit	60,881,203	59,688,444	59,351,072	57,416,943	58,030,747
Legal debt margin	29,567,483	36,901,486	42,102,440	49,141,355	56,988,904
Legal debt margin as a percentage of debt limit	32.69%	38.20%	41.50%	46.12%	49.55%

	2018	2019	2020	2021	2022
Legal debt limit	120,821,396	128,768,219	137,917,942	147,989,271	152,024,299
Total net debt applicable to debt limit	66,881,676	66,477,397	66,053,789	58,530,204	54,152,976
Legal debt margin	53,939,720	62,290,822	71,864,153	89,459,067	97,871,323
Legal debt margin as a percentage of debt limit	44.64%	48.37%	52.11%	60.45%	64.38%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	$ 286,135,251
Add back: exempt real property	238,612,411
Total assessed value	524,747,662
Debt limit (30% of total assessed value)	157,424,299
Debt applicable to limit:	
General obligation bonds	55,445,000
Less: amount set aside for repayment of general obligation debt	(1,292,024)
Total net debt applicable to limit	$ 54,152,976

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

CITY OF DERBY, KANSAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Sales Tax Obligation Bonds[1]	Temp Notes	Certificates of Participation	Leases
2013	$ 54,673,801	$ -	$ 6,560,000	$ 455,000	$ -
2014	54,464,938	-	8,515,000	230,000	-
2015	55,402,024	-	3,810,000	-	-
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

Fiscal Year	Business-type Activities				
	Revolving Loan	General Obligation Bonds[1]	Total Primary Government	Percentage of Personal Income	Per Capita
2013	$ 1,643,933	$ 8,015,525	$ 71,348,259	N/A	$ 3,110
2014	1,286,181	7,157,461	71,653,580	N/A	3,109
2015	1,227,293	6,297,086	66,736,403	N/A	2,872
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	78,690,039	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

[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
2013	$61,885,000	$1,003,797	$60,881,203	$ 181,079,671	33.62%	22,279	$ 2,733
2014	60,595,000	906,556	59,688,444	185,228,486	32.22%	23,047	2,590
2015	60,450,000	1,098,928	59,351,072	189,575,240	31.31%	23,234	2,554
2016	58,150,000	733,057	57,416,943	203,414,839	28.23%	23,509	2,442
2017	60,048,627	634,253	59,414,374	207,761,220	28.60%	23,633	2,514
2018	69,828,419	928,324	68,900,095	220,755,643	31.21%	23,771	2,898
2019	70,508,841	947,603	69,561,238	237,822,350	29.25%	24,721	2,814
2020	70,476,809	1,221,211	69,255,598	253,334,690	27.34%	24,943	2,777
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

[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, 2022

	Debt		City's Share		
Taxing Body	Amount	As of Date	Percent	Amount	Per Capita
Estimated overlapping debt:					
Sedgwick County	$ 37,825,000	12/31/2022	4.85%	$ 1,833,998	$ 71
USD No. 260	163,884,365	12/31/2022	58.91%	96,547,476	3,735
USD No. 263	6,205,000	12/31/2022	3.00%	186,382	7
Total Overlapping Debt	207,914,365			98,567,856	3,814
City of Derby direct debt[1]	75,782,091	12/31/2022	100.00%	75,782,091	2,932
Direct and estimated overlapping debt	$ 283,696,456	12/31/2022		$ 174,349,947	6,745

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

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

Fiscal Year	City Population[1]	County Total Personal Income[2] (000's omitted)	County Population[1]	County Per Capita Income[2]	City School Enrollment[3]	Unemployment Rate[2] (Sedgwick County)
2013	22,943	22,870,525	505,415	45,251	6,336	6.3%
2014	23,047	23,516,335	508,803	46,219	7,069	5.3%
2015	23,234	Not Available	511,574	Not Available	7,071	4.4%
2016	23,509	25,197,029	512,641	42,858	6,925	4.5%
2017	23,633	Not Available	513,687	Not Available	6,645	3.4%
2018[4]	23,771	Not Available	525,294	Not Available	7,411	3.4%
2019[4]	24,721	Not Available	516,042	Not Available	7,240	3.3%
2020	24,943	Not Available	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 Avaliable	527,314	Not Avaliable	7,128	3.3%

[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 through 2022, Bureau of the Census and US Bureau of Labor Statistics data unavailable, ESRI numbers reported instead.

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

	2022			2013		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
USD 260	1,239	1	16.17%	993	1	21.24%
Walmart	398	2	5.20%	197	3	4.21%
Dillons	325	3	4.24%	213	2	4.56%
City of Derby	247	4	3.22%	176	4	3.76%
Rock Regional Hospital	177	5	2.31%			
Lowe's Home Improvement	154	6	2.01%	136	5	2.91%
Derby Recreation Commission	169	7	2.21%	92	8	1.97%
Buffalo Wild Wings Grill & Bar	110	8	1.44%			
Chick-fil-A Derby Marketplace	101	9	1.32%			
Target Store	101	10	1.32%			
Derby Health & Rehab				99	7	2.12%
Shared Services, a division of Wal Mart[1]				130	6	2.78%
Kohl's				46	10	0.98%
Westview of Derby[2]				55	9	1.18%
Total City Employment (est.)	7,660			4,676		

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

	2013	2014	2015	2016	2017
Function/Program					
General Government					
Administration & Operations	20	20	11	11	11
Finance	8.31	9.5	11.5	11.5	11.5
Operations	4	4	14	14.7	14.7
Planning & Engineering	8.5	9.5	10.5	11.5	11.5
Public Safety					
Police	56.5	56.5	56.5	56.5	56.5
Animal Control	1.5	1.5	1.5	1.5	1.5
Fire	18.12	18.12	24.6	24.6	24.6
Public Works	33	33	33	35	35
Stormwater	1.5	1.5	1.5	1.5	1.5
Water	9.7	10.7	10.7	10.7	10.7
Wastewater	11	11	11	11	11
Total	172.13	175.32	185.8	189.5	189.5

	2018	2019	2020	2021	2022
Function/Program					
General Government					
Administration & Operations	12	25.8	27.3	34.7	28.5
Finance	11.5	11.5	11.5	6.0	12.7
Operations	14.7	-	-	-	-
Planning & Engineering	12	12	12	12.5	12.5
Public Safety					
Police	57.5	58.5	60.9	60.9	61.9
Animal Control	1.5	1.5	1.5	1.5	1.5
Fire	24.6	27.7	27.8	27.8	27.8
Public Works	35	35	39	39	39
Stormwater	1.5	1.5	1.5	1.5	1.5
Water	10.7	10.7	10.7	10.7	10.7
Wastewater	12	12	12	12	12
Total	193	196.2	204.2	206.6	208.1

Data 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	2013	2014	2015	2016	2017
Police					
Dispatched Calls	24,444	24,452	23,208	25,023	23,538
Offenses	2,412	2,676	3,027	3,035	3,204
Offenses Cleared	1,067	1,027	1,531	1,309	1,412
Arrests	1,201	1,179	1,259	1,093	1,182
Serious Offenses	586	583	650	550	582
Fire					
Emergency Responses	2,034	2,186	2,268	2,469	2,117
First Responder/Medical	1,431	1,539	1,606	1,666	1,350
Life Safety Inspections	553	523	617	646	640
Water					
New Connections	74	93	121	77	156
Water Main Breaks	12	18	14	15	16
Average Daily Consumption	2,168,525	2,172,832	2,100,300	1,994,803	2,618,767
Peak Daily Consumption	7,150,000	4,005,070	3,363,719	4,728,856	7,133,676
Wastewater					
Average Daily Sewage Treatment	1,520,000	1,532,000	2,075,000	2,081,000	1,870,000

	Fiscal Year				
Program/Function	2018	2019	2020	2021	2022
Police					
Dispatched Calls	25,631	25,518	25,848	26,453	24,485
Offenses	2,883	2,686	2,635	2,964	2,667
Offenses Cleared	1,409	1,268	1,234	1,632	1,617
Arrests	1,161	1,048	1,033	1,264	1,334
Serious Offenses	564	454	515	562	634
Fire					
Emergency Responses	2,193	2,205	2,045	2,307	2,764
First Responder/Medical	1,364	1,159	1,214	1,232	1,363
Life Safety Inspections	390	449	140	479	440
Water					
New Connections	82	60	75	69	88
Water Main Breaks	31	21	31	22	30
Average Daily Consumption	2,208,935	1,911,351	2,144,976	2,071,956	2,307,935
Peak Daily Consumption	4,577,760	4,071,364	4,355,392	3,883,241	4,583,468
Wastewater					
Average Daily Sewage Treatment	1,830,000	1,970,000	1,940,000	1,870,000	1,810,000

Source: Various city departments.

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

	Fiscal Year				
Program/Function	2013	2014	2015	2016	2017
Police					
Stations	1	1	1	1	1
Patrol units	17	17	18	18	18
Fire Stations	2	2	2	2	2
Public Works					
Streets(lane miles)	321	322	327	329	333
Traffic Signals	17	19	19	19	19
Culture and Recreation					
Acreage	314	314	392	392	392
Playgrounds	19	19	19	20	20
Baseball/Softball diamonds	19	19	19	19	19
Aquatic Park	1	1	1	1	1
Water					
Water Meter Station	1	1	1	1	1
Water mains(miles)	136	138	138	140	144
Fire hydrants	999	1,031	1,044	1,061	1,117
Storage capacity(000's gal)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Wastewater					
Sanitary Sewers(miles)	124	126	126	127	131
Storm Sewer(combined, miles)	49	51	51	53	55
Treatment capacity, gal per day	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

	Fiscal Year				
Program/Function	2018	2019	2020	2021	2022
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)	335	336	341	347	358
Traffic Signals	19	22	23	23	23
Culture and Recreation					
Acreage	392	392	390	390	390
Playgrounds	20	20	21	21	19
Baseball/Softball diamonds	19	19	16	16	16
Aquatic Park	1	1	1	1	1
Water					
Water Meter Station	1	1	1	1	1
Water mains(miles)	145	146	150	153	155
Fire hydrants	1,132	1,144	1,182	1	1,218
Storage capacity(000's gal)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Wastewater					
Sanitary Sewers(miles)	131	133	135	137	138
Storm Sewer(combined, miles)	55	56	57	60	60
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