

# **CITY OF LAWRENCE, KANSAS**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2000**

**Prepared by:  
Department of Finance**

## CITY OF LAWRENCE, KANSAS

### Mission Statement

#### MISSION

*We are committed to providing excellent city services that enhance the quality of life for the Lawrence community.*

#### VALUES

*In order to fulfill our mission, we have established several guidelines:*

*We are committed to these basic principles:*

*Integrity  
Courtesy  
Fairness  
Honesty*

*How we get the job done is as important as getting the job done.*

*Our interaction with the community will be professional, responsive, direct, personal, caring and appropriate.*

*We will promote teamwork, employee satisfaction and professional development in order to provide innovative, cost-effective, efficient service.*

**WE WANT OUR CITIZENS, CLIENTS AND CUSTOMERS TO HAVE HIGH EXPECTATIONS OF GOVERNMENT SERVICE, AND WE WILL DO OUR BEST TO MEET AND EXCEED THOSE EXPECTATIONS.**

# CITY OF LAWRENCE, KANSAS

## Table of Contents

		<b>Page</b>
<b>INTRODUCTORY SECTION (UNAUDITED)</b>		
Transmittal Letter		1
Organizational Chart		6
Principal Officials		7
Certificate of Achievement		8
<b>Exhibit</b>		
<b>FINANCIAL SECTION</b>		
Independent Auditors Report on General Purpose Financial Statements		9
<b>General Purpose Financial Statements:</b>		
Combined Balance Sheet – All Fund Types, Account Groups and Discretely Presented Component Units	A	12
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units	B	14
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Statutory Basis) – General, Special Revenue and Debt Service Funds	C	15
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances – All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units	D	16
Combined Statement of Cash Flows – All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units	E	17
Notes to General Purpose Financial Statements		19
<b>Schedule</b>		
<b>Supplementary Data:</b>		
<u>Governmental Funds:</u>		
General Fund:		
Balance Sheets	1	48
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual	2	49
Special Revenue Funds:		
Combining Balance Sheet	3	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	56
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Guest Tax Fund	5	58
Library Fund	6	59
Transportation Fund	7	60
Recreation Fund	8	61
Special Alcohol Fund	9	62
Special Gas Tax Fund	10	63
Special Recreation Fund	11	64

**CITY OF LAWRENCE, KANSAS**

**Table of Contents, Continued**

	<b>Schedule</b>	<b>Page</b>
Schedule of Revenues, Expenditures and Changes in Fund Balance:		
Airport Improvement Fund	12	65
Capital Improvement Reserve Fund	13	66
Equipment Reserve Fund	14	67
Guest Tax Reserve Fund	15	68
Liability Reserve Fund	16	69
Sales Tax Reserve Fund	17	70
Law Enforcement Grant Fund	18	71
Workers' Compensation Reserve Fund	19	72
Summer Youth Fund	20	73
Outside Agency Fund	21	74
Wee Folks Scholarship Fund	22	75
Fair Housing Assistance Fund	23	76
Community Development Fund	24	77
Rehabilitation Escrow Fund	25	78
Home Program Fund	26	79
Transportation Planning Fund	27	80
Law Enforcement Trust Fund	28	81
Debt Service Funds:		
Balance Sheets	29	84
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – Bond and Interest Fund	30	85
<u>Proprietary Funds:</u>		
Enterprise Funds:		
Combining Balance Sheet	31	88
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	32	89
Combining Statement of Cash Flows	33	90
Internal Service Funds:		
Combining Balance Sheet	34	92
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	35	93
Combining Statement of Cash Flows	36	94
<u>Fiduciary Funds:</u>		
Trust and Agency Funds:		
Combining Balance Sheet – Agency and Trust Funds	37	97
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	38	98
Combining Balance Sheet – All Expendable Trust Funds	39	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – All Expendable Trust Funds	40	101
Combining Balance Sheet – All Nonexpendable Trust Funds	41	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – All Nonexpendable Trust Funds	42	103
Combining Statement of Cash Flows – All Nonexpendable Trust Funds	43	104

## CITY OF LAWRENCE, KANSAS

### Table of Contents, Continued

#### Component Units:

Combining Balance Sheet – All Component Units	44	106
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type Component Units	45	107
Combining Statement of Cash Flows - Proprietary Fund Type Component Units	46	108

#### **STATISTICAL SECTION (UNAUDITED)**

General Governmental Expenditures – By Function – Last Ten Fiscal Years	1	111
General Governmental Revenues – By Source – Last Ten Fiscal Years	2	112
General Governmental Tax Revenues – By Source – Last Ten Fiscal Years	3	113
Property Tax Levies and Collections – Last Ten Fiscal Years	4	114
Assessed and Estimated Actual Value of Property – Last Ten Fiscal Years	5	115
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	6	116
Principal Taxpayers	7	117
Special Assessment Billings and Collections – Last Ten Fiscal Years	8	118
Computation of Legal Debt Margin	9	119
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita – Last Ten Fiscal Years	10	120
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures – Last Ten Fiscal Years	11	121
Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds	12	122
Revenue Bond Coverage – Water and Sewer Fund – Last Ten Fiscal Years	13	123
Demographic Statistics – Last Ten Fiscal Years	14	124
Property Value, Construction and Bank Deposits – Last Ten Fiscal Years	15	125
Miscellaneous Statistics	16	126

#### **SINGLE AUDIT SECTION**

Independent Auditor’s Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With “Government Auditing Standards”	127
Independent Auditor’s Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133	129
Schedule of Expenditures Of Federal Awards	131
Schedule Of Findings And Questioned Costs	132

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# **INTRODUCTORY SECTION**

May 31, 2001

To the Citizens of Lawrence:

The Comprehensive Annual Financial Report (CAFR) of the City of Lawrence for the year ended December 31, 2000 is hereby submitted. The report was prepared by the Finance Department, which is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, the data is accurate in all respects and is reported in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of the funds and account groups. All disclosures necessary to enable the reader to gain an understanding of the City's financial statements are presented with the general purpose financial statements and are an integral part of the CAFR. They should be read for a fuller understanding of the statements.

The CAFR is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section includes this transmittal letter, the City's organizational chart and a list of principal officials. The Financial Section includes the auditor's report, general purpose financial statements, the combining and individual fund and account group financial statements, supplementary schedules, and the notes to the general purpose financial statements. The Statistical Section includes selected financial and demographic information, generally presented on a multiyear basis. The Single Audit includes the reports required under OMB Circular A-133 covering federal grant recipients.

The report includes all funds and account groups of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; water and sewer services; construction and maintenance of streets and infrastructure; community development and planning; and recreational activities and cultural events.

In addition to the general governmental activities, the City Commission appoints the governing body and influences the decisions of the Lawrence Memorial Hospital and the Lawrence Housing Authority. However, for reporting purposes they are considered legally separate entities. The Lawrence Public Library is also a legally separate entity, but receives a significant amount of funding from the City. All three are reported as discretely presented component units.

### **Economic Condition and Outlook**

The City of Lawrence is located in Douglas County, Kansas. The City's location, thirty-eight miles west of Kansas City, Missouri, and twenty-five miles east of Topeka, Kansas, the state capitol, makes it currently one of the fastest growing cities in Kansas. In addition, Lawrence is home to the University of Kansas, which is the largest local employer. Other major employers include Hallmark Cards, K-Mart Corporation, Allied Signal, and Packer Plastics. The average civilian labor force in Douglas County during 2000 was 56,879. An average of 3.6%, or 2,048 people, were unemployed during 2000. The state and local governments employed the largest number of employees (13,850), followed by the



services sector (11,683), and the retail sector (11,175). Retail hired an additional 325 employees in 2000. An additional 300 jobs were added in the government sector.

U. S. Census figures indicate Lawrence is one of the fastest growing metropolitan areas in Kansas. The total valuation of City building permits issued was \$167.5 million in 1996, \$127.4 million in 1997, \$141.1 million in 1998, \$149.7 million in 1999 and \$175.0 million in 2000. Combined city and countywide sales tax collections in 2000 represent a 8.3% increase over 1999. A total of 1,111 single-family homes were sold in 2000.

A new Talbot's, an expanded GAP and an America Eagle Outfitters were opened in the downtown area in 2000. The downtown area will use tax increment financing to partially fund construction of a 500 space-parking garage. A new Arts Center, retail shops and apartments will also be built in the tax increment district. Lawrence continues to experience a significant number of new office buildings opening in the western part of the City. The population continues to grow, as does the demand for housing.

The City has sufficient water capacity to meet current needs. However, an expansion of the Clinton water treatment plant is being designed to accommodate future growth. The City is currently constructing an expansion of its wastewater treatment plant. Because the sales tax is a major revenue source, the City is dependent upon the level of retail sales in the City to finance a significant portion of governmental operations.

### **Major Initiatives**

During 2000, the City undertook a variety of activities to improve services and enhance economic development.

A total of \$23,380,000 in general obligation bonds was issued in 2000 to obtain long-term financing of improvements in benefit districts and construction of City projects. City projects included construction of the parking garage, Arts Center, various storm sewer projects, the indoor aquatic center, as well as various street projects. In addition, \$11,875,000 in temporary construction notes was issued during the year. The notes provide financing until the projects are complete. The notes are then retired with the proceeds of a general obligation bond, revenue bond or prepayments from special benefit districts.

The City anticipates the need to issue approximately \$2.0 million in general obligation sales tax bonds to finance an additional recreation center. Construction of Lawrence's fifth Fire Station will begin in 2001. General obligation debt for a major benefit district will be issued in 2001. Construction of the nearly \$4.0 million project is underway and has been temporarily financed with notes.

### **Financial Information**

The Finance Department is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit

for the fiscal year ended December 31, 2000 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Kansas law prescribes the policies and procedures by which the City prepares its annual budget. The City maintains budgetary control to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The annual budget contains an itemized estimate of the anticipated revenue and the proposed expenditures necessary to meet the City's financial needs, detailed by program and object of expenditures. The annual budget must be balanced so that total resources equal obligations. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts not disbursed are carried over as a designation of fund balance for the following year.

The Governmental, Expendable Trust, and Agency Funds follow the modified accrual basis of accounting. Under this method of accounting, revenues are recognized when they are both measurable and available within a certain time period. Expenditures, other than interest on long-term debt, are recorded as liabilities when incurred. The accrual basis of accounting is used for Proprietary and Nonexpendable Trust Funds. Revenues are recognized when earned and expenses when incurred.

The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Fund revenues for the fiscal year ended December 31, 2000 and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount*</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1999</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$ 27,184	52.2%	\$ 2,371	9.6%
Licenses and permits	593	1.1	(68)	(10.3)
Special assessments	768	1.5	(48)	(5.9)
Charges for service	3,306	6.3	243	8.0
Fines	1,367	2.6	21	1.6
Interest	2,470	4.7	709	40.3
Intergovernmental	15,475	29.6	1,422	10.1
Miscellaneous	1,033	2.0	(83)	(7.4)
Total	<u>\$ 52,196</u>	<u>100.0%</u>	<u>\$ 4,567</u>	

*\*In thousands of dollars.*

Taxes increased due to a 9.4% increase in assessed valuation, a 4.6% increase in city sales tax and a 13.8% increase in franchise fees. The decrease in licenses and permits is due to a 10.0% reduction in the building permit revenue, even though the value of building permits increased. Special assessments decreased because of prior year prepayments and fewer benefit districts. Charges for services were more because of increased reimbursements for ambulance service. Fines are greater due to an increase in the number of traffic tickets issued and higher court costs. Interest revenues are greater due to having a full year of expanded investment authority. Intergovernmental revenue increased because of a larger CDBG expenditures and a 14.3% increase in the countywide sales tax.

The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Fund expenditures for the fiscal year ended December 31, 2000 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount*</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1999</u>	<u>Percent of Increase (Decrease)</u>
Current:				
General Government	\$ 8,055	14.7%	\$ 1,115	16.1%
Public Safety	16,002	29.3	1,070	7.2
Public Works	5,287	9.7	519	10.9
Health	1,110	2.0	(359)	(24.4)
Social Services	2,196	4.0	348	18.8
Culture and Recreation	4,248	7.8	212	5.3
Tourism	461	0.9	(24)	(4.9)
Airport	82	0.2	30	57.7
Capital Outlay	4,843	8.9	722	17.5
Debt Service:				
Principal	9,980	18.3	5377	116.8
Interest and fiscal charges	2,305	4.2	76	3.4
Total	\$ 54,569	100.0%	\$ 9,086	

*\*In thousands of dollars.*

General Government expenditures increased due to a 3% COLA and the initiation of the mass transportation system. Expenditures for Public Safety show an increase because of cost of living increases and the hiring of five police officers and three firefighters. Public Works increased because of cost of living increases and greater expenditures out of the Gas Tax Fund. Health related expenditures decreased because of the high startup costs for the new Health Facility in 1999. Social Services increased due to greater CDBG activity. Culture and Recreation expenditures increased due to the 3% COLA and additional operating costs associated with operating and maintaining the new facilities. Principal and interest charges increased due to the issuance of more debt, including a current refunding bond in the amount of \$4,990,000.

The unreserved fund balance of the General Fund increased by 11.2% from 1999. The 2000 unreserved General Fund balance of \$11,036,798 represented over 37.0% of expenditures.

A five-year plan of capital improvements was developed for the Water and Sewer Fund in 1999. The plan called for the issuance of revenue bonds to expand and maintain water and sewer facilities. A new rate study was also completed in 1999. The plan calls for no increase in water rates and 6.0% annual increase in sanitary sewer rates from 2000-2004.

The City is cooperating with the County to operate a Household Hazardous Waste Disposal Facility. In addition, a cardboard recycling center has started. A facility that includes sufficient space for recycling activities was purchased in 1995.

The City is responsible for several trust funds. Included are trust funds established for cemetery maintenance and park maintenance.

At December 31, 2000, the City had a number of debt issues outstanding. These issues included \$64,200,000 of general obligation bonds and \$13,140,000 of revenue bonds. The City has an Aa2 rating from Moody's Investors Service on general obligation bond issues and A1 on revenue bond issues. Under current statutes, the general obligation debt cannot exceed 30% of assessed valuation. As of December 31, 2000, the City's net general obligation bonded debt was 10.3% of the assessed property value, well below the legal limit of 30.0%, and net bonded debt per capita equaled \$705.71.

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, and obligations of the U. S. Treasury. The average yield on investments was 5.5%. The City earned interest revenue of \$5,042,246 on all investments for the year ended December 31, 2000.

The City's investment policy is to minimize credit and market risks, while maintaining a competitive yield on its portfolio. Accordingly, deposits were insured by federal depository insurance, collateralized, or held by the City. All collateral on deposits was held either by a federal reserve bank or a dealer bank's trust department, as required by Kansas Statutes, except treasury bills and federal agencies, which are held by the City's agent. As a result, all of the City's investments were in the second credit risk category except treasury bills and agencies, which were category three as defined by the Governmental Accounting Standards Board. In addition, in 1999 the City became the third local government to be given expanded investment powers by the State Treasurer.

The City is self-insured for its workers' compensation, automobile liability, and general liability. An umbrella policy is in effect for worker's compensation risks above \$100,000 up to \$1,000,000. The self-funding of insurance for the City has proven to be a cost-effective way to provide coverage for the types of insurance needs described above.

### **Other Information**

State Statutes require an annual audit by an independent certified public accounting firm. Lowenthal Singleton Webb & Wilson, P.A, performed the 2000 annual audit. In addition to meeting the requirements set forth in State Statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the government for its CAFR for the fiscal year ended December 31, 1999. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department, in close cooperation with the independent auditors. Each member of the Finance Department has our sincere appreciation for the contributions made in the preparation of the report, especially the work of Laura Warner.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,

A.EdMullins,CPA  
Finance Director

## Organizational Chart

**CITY OF LAWRENCE, KANSAS**

List of Principal Officials

December 31, 2000

<b>Title</b>	<b>Name</b>
Mayor	James Henry
Vice Mayor	Mike Rundle
Commission Member	Marty Kennedy
Commission Member	Ervin Hodges
Commission Member	David Dunfield
City Manager	H. Michael Wildgen
Assistant City Manager	Debbie Van Saun
Assistant City Manager	David Corliss
City Clerk	Ray Hummert
Community Development Director	Lynn Goodell
Finance Director	A. Ed Mullins
Fire Chief	Jim McSwain
Human Relations Director	Ray Samuel
Parks and Recreation Director	Fred DeVictor
Planning Director	Linda Finger
Police Chief	Ron Olin
Public Works Director	George Williams
Utilities Director	Roger Coffey

## Certificate of Achievement

# **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

Mayor and City Commissioners  
City of Lawrence, Kansas

We have audited the accompanying general purpose financial statements of the City of Lawrence, Kansas, (the City) as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The financial statements of the City of Lawrence, as of and for the year ended December 31, 1999 were audited by other auditors whose report dated April 30, 1999 expressed an unqualified opinion on those statements. We did not audit the financial statements of Lawrence Memorial Hospital or the Lawrence Housing Authority. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts for Lawrence Memorial Hospital or the Lawrence Housing Authority included as discretely presented component units, is based solely upon the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and the "Kansas Municipal Audit Guide". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lawrence, Kansas, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary and similar trust fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with "Government Auditing Standards", we have also issued a report dated April 28, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and are not a required part of the general purpose financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lawrence, Kansas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Scheerer, Bennett & Lowenthal* *Scheerer, Bennett & Lowenthal* therefore, we  
Professional Association Professional Association

April 28, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS**

## City of Lawrence, Kansas

### Notes to General Purpose Financial Statements

December 31, 2000

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

The City of Lawrence, Kansas (the City) is a municipal corporation governed by an elected five-member commission. These general purpose financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported as a separate column in the general purpose financial statements to emphasize they are legally separate. The more significant of the City's accounting policies are described below.

##### A. Basis of Presentation

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund or account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the general purpose financial statements. The following fund types and account groups are utilized by the City:

##### GOVERNMENTAL FUND TYPES

Governmental Funds are those in which the measurement focus is upon determination of financial position, rather than upon net income. The following are the Governmental Fund Types:

- *General Fund* is the principal operating fund of the City and accounts for all financial transactions not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.
- *Special Revenue Funds* are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are restricted to finance particular functions or activities.
- *Debt Service Fund* is used to account for the accumulation of resources and payment of principal, interest and other related costs of the City's general obligation debt other than bonds payable from an Enterprise Fund.
- *Capital Projects Fund* is used to account for financial resources designated for the acquisition or construction of general fixed assets which by their nature take more than one budgetary cycle to complete.

##### PROPRIETARY FUND TYPES

Proprietary Funds are those which the measurement focus is based upon determination of net income. The City's Proprietary Fund Types are:

- *Enterprise Funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis

## City of Lawrence, Kansas

### Notes to General Purpose Financial Statements

December 31, 2000

be financed or recovered primarily through user charges, or where the periodic determination of net income is deemed appropriate. In reporting its financial activity, the City applies all applicable Government Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

- *Internal Service Funds* are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

#### FIDUCIARY FUND TYPES

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. When these assets are held under the terms of a formal trust agreement, either a Nonexpendable Trust Fund or an Expendable Trust Fund is used. The terms “nonexpendable” and “expendable” refer to whether or not the City is under an obligation to maintain the trust principal. Agency Funds generally are used to account for assets that the City holds on behalf of others as their agent. The measurement focus is based upon changes in current financial resources for Expendable Trust Funds and flow of economic resources for Nonexpendable Trust Funds.

#### ***B. Basis of Accounting***

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is used by all Governmental, Expendable Trust, Agency Funds and the Lawrence Public Library Component Unit. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period.

Significant revenues susceptible to accrual are property taxes, utility franchise taxes, special assessments, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

The accrual basis of accounting is utilized by Proprietary Fund Types, Nonexpendable Trust Funds, and two component units: Lawrence Housing Authority and Lawrence Memorial Hospital. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred.

**C. Inventories**

Inventories are valued at cost, which approximates market, using the average cost method. The costs of the Governmental Fund Type inventories are recorded as expenditures when consumed rather than when purchased.

**D. Budgetary Procedures**

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 certain Enterprise Funds.

A legal annual operating budget is not required for the Capital Projects Fund or Trust Funds and the following Special Revenue Funds:

- Airport Improvement Fund
- Capital Improvement Reserve Fund
- Equipment Reserve Fund
- Guest Tax Reserve Fund
- Liability Reserve Fund
- Sales Tax Reserve Fund
- Law Enforcement Grant Fund
- Workers' Compensation Reserve Fund
- Summer Youth Fund
- Outside Agency Fund
- Wee Folks Scholarship Fund
- Fair Housing Assistance Fund
- Community Development Fund
- Rehabilitation Escrow Fund
- Home Program Fund
- Transportation Planning Fund
- Law Enforcement Trust Fund

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

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

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year.

The statutes permit management to transfer 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 (the legal level of budgetary control). Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations lapse 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 the use of internal spending limits established by the City.

***E. Property, Plant and Equipment***

Property, plant and equipment owned by the Proprietary Funds are stated at actual or estimated historical cost. Contributed assets are recorded at fair value at the time received. Depreciation of plant and equipment is provided on the straight-line basis over the estimated useful lives of the respective assets as follows:

Water treatment plant and water sewer mains	50 years
Buildings	10-50 years
Improvements other than buildings	10-50 years
Office equipment	3-20 years
Machinery	3-20 years

Maintenance and repairs are charged to expenses. Major expenditures for renewals and betterments are capitalized and depreciated over their estimated useful lives.

Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and any resulting gain or loss is reflected in the general purpose financial statements.

***F. General Fixed Assets***

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Fund Types and capitalized at

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

actual or estimated historical cost in the General Fixed Assets Account Group. In the case of gifts or contributions, such assets are recorded in General Fixed Assets Account Group at fair value at the time received.

Public domain (infrastructure) fixed assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City.

Assets in the General Fixed Assets Account Group are not depreciated and interest is not capitalized.

***G. Bond Discounts/Issuance Costs***

In Governmental Fund Types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for Proprietary Fund Types are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method.

***H. Compensated Absences***

Under terms of the City's personnel policy, employees are granted vacation and sick leave in varying amounts based upon the length of service. In the event of termination, an employee with over six months of service will receive all accumulated vacation and one-fourth accumulated sick leave. The costs of vacation and sick leave are accrued and recorded when earned. Only the current portion of accrued vacation and sick leave is recorded in the Governmental Fund Types and the remainder of the liability is reported in the General Long-term Debt Account Group. Accrued vacation and sick leave related to Proprietary Funds is recorded entirely within those funds.

***I. Capitalization of Interest***

Interest costs incurred on borrowed funds during the period of construction of capital assets for Enterprise Funds are capitalized, when material, as a component of the cost of acquiring such assets. There was no interest capitalized during 2000.

***J. Interfund Transactions***

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

***K. Cash, Cash Equivalents and Investments***



**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

Cash and cash equivalents include amounts in demand deposit accounts and investments with an original maturity of three months or less. Investments are stated at cost, which approximates fair value.

***L. Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

***M. Deferred Revenue***

The City has reported as deferred revenue certain taxes and special assessments which have been deemed to be measurable but not available.

***N. Memorandum Only – Total Columns***

Total columns on the general purpose financial statements are captioned as “memorandum only” because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

***O. Comparative Data / Reclassifications***

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government’s financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

**(2) Reporting Entity**

The City has considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the City, or the significance of their relationship with the City are such that exclusion would be misleading or incomplete.

This consideration relied on the underlying concept that elected officials are accountable for the actions of those they appoint to govern other organizations and that the City’s financial statements should report this accountability. Although elected officials are accountable for the actions of all appointees, governmental accounting standards establish financial accountability as the threshold for including an organization in the financial statements of the reporting entity. Generally, financial accountability results from one of the following criteria:

1. The primary government (in this case the City of Lawrence) is financially accountable if it appoints a voting majority of the organization’s governing body and it is able to impose its

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

will on that organization or there is a potential for the organization to provide specific financial benefits to or impose burdens on the primary government.

2. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of other circumstances.

Based on this analysis, the following organizations have been classified as component units of the City of Lawrence and are presented on the discrete basis to emphasize that they are separate from the City:

The Lawrence Housing Authority, created by State Statutes with a variety of corporate powers, operates the City's low income housing program, serving Lawrence and Douglas County. The Housing Authority is governed by a five member board appointed by the Mayor with approval of the City Commission. The Housing Authority is presented as a proprietary fund type. It is a component unit because it satisfies criterion 1 above.

The Lawrence Memorial Hospital, created by State Statutes with a variety of corporate powers, operates the City Hospital. The hospital is governed by a nine member board appointed by the Mayor with approval of the City Commission. The Hospital is presented as a proprietary fund type. It is a component unit because it satisfies criterion 1 above.

The City of Lawrence Public Library, created by State Statutes as a body corporate, operates the City's public library, serving primarily Lawrence and Douglas County. The library is governed by a seven member board appointed by the Mayor with approval by the City Commission. The Library is presented as a governmental fund type. It is a component unit because it satisfies criterion 2 above.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Lawrence Housing Authority  
1600 Haskell Avenue  
Lawrence, Kansas 66044

Lawrence Memorial Hospital  
325 Maine  
Lawrence, Kansas 66044

Lawrence Public Library  
707 Vermont  
Lawrence, Kansas 66044

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

Below is the condensed combining information for all component units:

**Combining balance sheet - all component units**

	<b>Lawrence Housing Authority</b>	<b>Lawrence Memorial Hospital</b>	<b>Lawrence Public Library</b>	<b>Total Component Units</b>
<b>Assets:</b>				
Current assets	\$ 2,547,529	24,301,462	735,414	27,584,405
Restricted assets	5,072	12,288,562	-	12,293,634
Property, plant and equipment, net	9,825,081	44,721,153	1,053,250	55,599,484
Noncurrent assets	63,694	5,179,141	-	5,242,835
Amount to be provided for the retirement of general long- term debt	-	-	45,525	45,525
	<u>\$ 12,441,376</u>	<u>86,490,318</u>	<u>1,834,189</u>	<u>100,765,883</u>
<b>Liabilities and equity:</b>				
Current liabilities	\$ 639,451	6,939,317	92,775	7,671,543
Liabilities payable from restricted assets	11,574	1,254,988	-	1,266,562
Long-term liabilities	-	34,108,018	-	34,108,018
Fund equity	11,790,351	44,187,995	1,741,414	57,719,760
	<u>\$ 12,441,376</u>	<u>86,490,318</u>	<u>1,834,189</u>	<u>100,765,883</u>

**Combining Statement of Revenues, Expenses and Changes in Equity -  
Proprietary Fund Type Component Units**

	<b>Lawrence Housing Authority</b>	<b>Lawrence Memorial Hospital</b>	<b>Total Component Units</b>
Operating revenues	\$ 1,185,239	74,803,682	75,988,921
Operating expenses	4,477,241	71,472,681	75,949,922
Operating income	(3,292,002)	3,331,001	38,999
Other income (expense)	3,448,151	(2,010,837)	1,437,314
Net income (loss)	<u>\$ 156,149</u>	<u>1,320,164</u>	<u>1,476,313</u>
Federal and state grants	<u>\$ 3,405,185</u>	<u>-</u>	<u>3,405,185</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

**(3) Budgetary Accounting**

The accounting principles employed by the City in its budgetary accounting and reporting differ from those used to present financial statements in accordance with generally accepted accounting principles due to the inclusion of encumbrances and reimbursements with expenditures in the budgetary basis statement.

**(4) Deposits and Investments**

*Deposits* – At December 31, 2000 cash on hand, deposits, including accrued interest, and bank balances covered by FDIC insurance or collateral, is as follows:

	<u><b>Primary Government</b></u>
Cash and deposits, including certificates of deposit:	
Carrying amount	\$ <u>26,510,195</u>
Bank balance	\$ <u>27,809,567</u>
FDIC insurance	\$ 100,000
Collateral pledged and held at the Federal Reserve in the City's name or at a third-party bank under joint custody Agreements	19,659,855
Letters of credit issued by the Federal Home Loan Bank in the City's name Uncollateralized	20,150,000 <u>-</u>
	<u>\$ 39,909,855</u>

*Investments* – Kansas Statutes authorize the City to invest the U. S. treasury bills and notes, repurchase agreements and the State Treasurer's investment pool. All investments must be insured, registered or held by the City or its agent in the City's name. The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. The investments of the State Treasurer's investment pool are held in the name of the state in the state's account at the Federal Reserve. These investments are reported to the City at fair value on a monthly basis. State statutes established the Pooled Money Investment Board to oversee the activities of the pool.

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

<u>Type</u>	<u>Risk Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U. S. government securities	\$ —	—	59,880,850	59,880,850	59,880,850
State Treasurer's investment pool				5,000,000	5,000,000
Total				\$ <u>64,880,850</u>	<u>64,880,850</u>

A summary of deposits, investments and petty cash is as follows:

	<u>Primary Government</u>
Petty cash	\$ 4,250
Total deposits, including accrued interest	6,933,453
Total investments, including accrued interest	<u>85,281,939</u>
Total	\$ <u>92,219,642</u>

The deposits and investments of the City are shown in the general purpose financial statements as follows:

	<u>Primary Government</u>
Cash	\$ 6,452,195
Investments	82,675,744
Accrued interest	1,249,943
Restricted:	
Cash	485,508
Investments	<u>1,356,252</u>
	\$ <u>92,219,642</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

**(5) Tax Revenue**

Tax revenue for the year ended December 31, 2000 is as follows:

	<b>Primary Government</b>			<b>Total</b>
	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	
Property taxes	\$ 5,432,068	3,165,011	3,247,376	11,844,455
Motor vehicle tax	744,713	213,814	406,251	1,364,778
Payment in lieu of tax	37,520	14,279	14,563	66,362
Utility franchise taxes	3,247,604	-	-	3,247,604
Sales taxes	10,660,961	-	-	10,660,961
Tax revenue	\$ 20,122,866	3,393,104	3,668,190	27,184,160

The City's property tax is levied and a lien attached each November 1 on the assessed value as of the prior January 1 for all property located in the City. Assessed values are established by the County Assessor. The assessed value for property located in the City as of January 1, 1999, on which the 2000 levy was based, was \$498,663,930.

Property taxes are due in total by December 31 following the levy date, or may be paid in equal installments if paid by December 20 (first installment) and the following June 20 (second installment). They are remitted by the County Treasurer to the City subsequent to collection.

Taxes receivable represent property taxes levied on November 1, 2000 for 2001 which have been recorded as deferred revenue, and sales taxes and utility franchise taxes which have been recorded as revenues.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2000 were as follows:

<b>Fund</b>	<b>Levy</b>
Primary government:	
General	\$ 11.151
Library	2.629
Public Transportation	3.047
Recreation	.860
Debt Service	6.666
Total primary government	\$ 24.353

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

**(6) Intergovernmental Revenue**

Intergovernmental revenue during the year ended December 31, 2000 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Enterprise Funds</u>	<u>Total Primary Government</u>
Federal:						
CDBG	\$ -	1,462,175	-	-	-	1,462,175
Home	-	325,799	-	-	-	325,799
HUD	-	85,188	-	-	-	85,188
FTA	-	238,226	-	-	-	238,226
Department of Justice	-	64,657	-	-	-	64,657
	-	<u>2,176,045</u>	-	-	-	<u>2,176,045</u>
Pass-through:						
Commerce and Housing	-	64,091	-	-	-	64,091
DOT	-	232,238	24,482	-	-	256,720
Department of Interior	4,305	-	-	-	-	4,305
	<u>4,305</u>	<u>296,329</u>	<u>24,482</u>	-	-	<u>325,116</u>
State:						
DOR	1,670,001	3,867,152	-	-	-	5,537,153
DOT	156,997	-	-	299,000	-	455,997
Health & Environment	-	44,068	-	-	17,981	62,049
	<u>1,826,998</u>	<u>3,911,220</u>	-	<u>299,000</u>	<u>17,981</u>	<u>6,055,199</u>
County:						
Sales Tax	7,075,771	-	-	-	-	7,075,771
Use Tax	159,525	-	-	-	-	159,525
	<u>7,235,296</u>	-	-	-	-	<u>7,235,296</u>
Total	<u>\$ 9,066,599</u>	<u>6,383,594</u>	<u>24,482</u>	<u>299,000</u>	<u>17,981</u>	<u>15,791,656</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

**(7)Debt**

The following is a summary of long-term debt transactions for the year ended December 31, 2000:

<u>Type of Issue</u>	<u>Beginning Balance</u>	<u>Discount Amortization/ Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General obligation bonds, to be paid with:				
Tax levies	\$ 44,424,057	22,477,767	9,898,670	57,003,154
Enterprise revenues	6,820,942	902,233	526,329	7,196,846
Revenue bonds	14,360,000	-	1,220,000	13,140,000
Long term notes payable	133,971	5,452,112	-	5,586,083
Temporary notes	12,405,000	11,875,000	12,405,000	11,875,000
Capital lease obligations	235,603	-	137,933	97,670
Estimated claims and judgements payable	720,070	484,387	720,070	484,387
Accrued vacation and sick pay	879,909	74,607	-	954,516
Total primary government	<u>\$ 79,979,552</u>	<u>41,266,106</u>	<u>24,908,002</u>	<u>96,337,656</u>

Debt payable, other than capital lease obligations, claims and judgments and compensated absences, at December 31, 2000 is composed of the following:



**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance At End of Year</u>
General obligation bonds:				
General obligation refunding & improvement	1992	5.0%	\$ 22,350,000	730,000
Internal improvement	1992	6.1	1,410,000	340,000
Internal improvement	1993	3.5-5.5	1,140,000	260,000
Internal improvement	1994	4.6-6.6	1,990,000	675,000
Street & internal improvement	1995	4.6-6.25	3,065,000	1,365,000
Street & internal improvement	1995	4.0-6.25	2,445,000	1,340,000
Internal improvement	1995	4.4-6.2	295,000	145,000
Internal improvement	1996	4.5-6.5	9,240,000	6,355,000
Internal improvement	1996	4.6-6.5	540,000	350,000
Internal improvement	1996	4.8-6.8	16,465,000	13,405,000
Internal improvement	1996	4.8-6.8	390,000	260,000
Internal improvement	1997	4.45-6.45	2,930,000	1,830,000
Internal improvement	1997	4.2-4.7	2,900,000	2,160,000
Internal improvement	1998	3.6-4.4	5,325,000	3,820,000
Internal improvement	1999	3.15-4.2	4,405,000	3,555,000
Internal improvement	1999	4.5-6.0	2,110,000	1,930,000
Internal improvement	1999	7.25-8	2,505,000	2,420,000
Internal improvement	2000	4.875-6.25	2,450,000	2,330,000
Internal improvement	2000	4.25-5.95	2,455,000	2,455,000
Internal improvement	2000	4.5-5.75	560,000	560,000
Internal improvement	2000	4.5-6.5	4,280,000	4,280,000
Internal improvement	2000	4.625-5	4,990,000	4,990,000
Internal improvement	2000	4.7-5.75	8,645,000	8,645,000
				<u>64,200,000</u>
Revenue bonds:				
Water and sewerage refunding & improvement	1992	2.85-5.3	3,615,000	715,000
Water and sewerage improvement	1994	4.7-6.7	4,200,000	1,490,000
Water and sewerage improvement	1996	4.9-6.9	6,390,000	5,145,000
Water and sewerage improvement	1997	4.5-6.5	6,900,000	5,790,000
				<u>13,140,000</u>
Long term notes payable -				
Kansas Partnership Fund	1998		290,127	133,971
Kansas Public Water Supply Loan	2000		5,452,112	5,452,112
				<u>5,586,083</u>
Temporary notes:				
Internal improvement	2000	4.75	7,415,000	7,415,000
Internal improvement	2000	4.75	3,155,000	3,155,000
Internal improvement	2000	4.30	1,305,000	1,305,000
				<u>11,875,000</u>
Total primary government				<u>\$ 94,801,083</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

In 2000, the City issued \$23,380,000 of general obligation bonds for the purpose of refunding existing debt and paying the costs of certain street, building, sanitary sewer, stormwater, traffic signal, and other improvements. The General Obligation Bonds, Series 2000-A, are due in annual installments of \$120,000 to \$435,000 with interest due in semiannual installments at rates of 3.15% to 4.90% through September 1, 2009. Series 2000-B is due in annual installments of \$200,000 to \$305,000 with interest due in semiannual installments at rates of 4.1% to 4.55% through September 1, 2010. The Series 2000-C bonds are due in annual installments of \$55,000 to \$60,000 with interest due in semiannual installments at rates of 4.5% to 5.75% through September 1, 2010. Series 2000-D is due in annual installments of \$35,000 to \$245,000 with a large payment of \$1,300,000 due in 2003. Interest on the Series 2000-D is due in semiannual installments at rates of 4.5% to 6.5% through September 1, 2020. Series 2000-E, a refunding bond, is due in annual installments of \$735,000 to \$935,000 with interest due in semiannual installments at rates of 4.625% to 5.0% from September 1, 2005 to September 1, 2010. Series 2000-F is due in annual installments of \$320,000 to \$750,000 with interest due in semiannual installments at rates 4.7% to 5.75% through September 1, 2020.

In 2000, the City issued \$7,415,000 of temporary notes for the purpose of temporarily financing the costs of a major benefit district project along Clinton Parkway, various building improvements and a sanitary sewer project in Western Hills. The Temporary Notes, Series 2000-I, bear interest of 4.75% and mature June 1, 2001.

In 2000, the City issued \$3,155,000 of temporary notes for the purpose of temporarily financing the costs of certain street, traffic signal and other improvements. The Temporary Notes, Series 2000-II, bears interest of 4.75% and matures October 1, 2001.

In 2000, the City issued \$1,305,000 of temporary notes for the purpose of temporarily financing the costs of certain street, and building improvements. The Temporary Notes, Series 2000-III, bear interest of 4.3% and mature October 1, 2001.

The City intends to redeem all temporary notes in 2001 from proceeds of general obligation bonds and/or other temporary notes issued to finance the improvements.

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

*General obligation bonds to be paid with tax levies:*

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
2001	\$	5,031,994	2,712,131	7,744,125
2002		4,278,851	2,605,431	6,884,282
2003		5,160,843	2,402,261	7,563,104
2004		4,676,306	2,155,055	6,831,361
2005		5,490,211	2,229,816	7,720,027
Thereafter		<u>32,364,949</u>	<u>10,412,542</u>	<u>42,777,491</u>
Total	\$	<u>57,003,154</u>	<u>22,517,236</u>	<u>79,520,390</u>

*General obligation bonds to be paid with enterprise revenues:*

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
2001	\$	548,006	343,248	891,254
2002		571,149	319,362	890,511
2003		599,157	294,396	893,553
2004		628,694	267,910	896,604
2005		654,789	239,889	894,678
Thereafter		<u>4,195,051</u>	<u>1,068,284</u>	<u>5,263,335</u>
Total	\$	<u>7,196,846</u>	<u>2,533,089</u>	<u>9,729,935</u>

*Total general obligation bonds:*

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
2001	\$	5,580,000	3,055,379	8,635,379
2002		4,850,000	2,924,793	7,774,793
2003		5,760,000	2,696,657	8,456,657
2004		5,305,000	2,422,965	7,727,965
2005		6,145,000	2,469,705	8,614,705
Thereafter		<u>36,560,000</u>	<u>11,480,826</u>	<u>48,040,826</u>
Total	\$	<u>64,200,000</u>	<u>25,050,325</u>	<u>89,250,325</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

*Revenue bonds:*

<u>Year</u>		<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2001	\$	1,285,000	687,975	1,972,975
2002		1,345,000	615,325	1,960,325
2003		1,035,000	545,970	1,580,970
2004		540,000	494,720	1,034,720
2005		570,000	468,958	1,038,958
Thereafter		8,365,000	2,806,202	11,171,202
Total	\$	<u>13,140,000</u>	<u>5,619,150</u>	<u>18,759,150</u>

*Long-term notes payable:*

<u>Year</u>		<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2001	\$	11,738	7,537	19,275
2002		12,424	6,852	19,276
2003		13,149	6,128	19,277
2004		13,916	5,361	19,277
2005		14,727	4,549	19,276
Thereafter		68,017	9,090	77,107
Total	\$	<u>133,971</u>	<u>39,517</u>	<u>173,488</u>

The Kansas Water Supply Loan in the amount of \$5,452,112 is a partial draw on a loan commitment of \$46,093,953. Amortization of this loan is yet to be determined.

*Temporary notes:*

<u>Year</u>		<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2001	\$	11,875,000	381,601	12,256,601

The Water and Sewage System Revenue Refunding Bonds Series 1992 require that one-sixth of the next interest payment due, one-twelfth of the next principal due, and one-sixth of the agent charges next due be set aside monthly in a restricted account and that a bond reserve be maintained if net revenues of the Water and Sewer System are less than 140% of the maximum annual debt service. A depreciation and emergency account is also to be maintained at a minimum of \$50,000.

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

Reserved Retained Earnings and Restricted Asset Accounts:

<b>Account</b>	<b>Restricted Assets</b>		<b>Reserved Retained Earnings/ Fund Balance</b>
	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>	
Revenue bond requirements	\$ 1,057,822	-	1,057,822
Donor restriction	-	-	523,000
Customer deposit and court bonds	695,290	129,976	-
Improvements	-	-	6,863,034
Encumbrances	-	-	2,675,607
Loans	-	-	214,959
	\$		
Total primary government	<u>1,753,112</u>	<u>129,976</u>	<u>11,334,422</u>

**Lawrence Memorial Hospital Component Unit Debt:**

The following is a summary of the long-term debt of the Lawrence Memorial Hospital, a proprietary fund type component unit. This debt is to be paid solely with Hospital revenues.

Changes in long term debt transactions:

<b>Type of Issue</b>	<b>Beginning Balance</b>	<b>Discount Amortization/ Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Revenue bonds	\$ 32,376,248	29,613	800,000	31,605,861
Capital lease obligations	1,765,893	-	398,613	1,367,280
Total Lawrence Memorial Hospital	\$ <u>34,142,141</u>	<u>29,613</u>	<u>1,198,613</u>	<u>32,973,141</u>

The City has issued Series 1994, Series 1997 and Series 1999 hospital revenue bonds under a Bond Indenture dated June 1, 1994, as amended and supplemented, to finance expansion and renovation of Hospital facilities, acquire equipment and property, refinance a prior bond issue and reimburse the Hospital for certain capital expenditures. The issuance of these bonds does not directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance at End of Year</u>
Revenue bonds:			
Series 1994	5.35-6.20%	\$ 16,060,000	14,220,000
Series 1997	5.00-5.35	8,000,000	7,445,000
Series 1999	5.00-6.00	10,180,000	10,180,000
Unamortized discounts			(239,139)
			<u>\$ 31,605,861</u>

Annual debt service requirements for hospital revenue bonds as of December 31, 2000 are as follows:

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2001	\$ 840,000	1,836,943	2,676,943
2002	890,000	1,790,955	2,680,955
2003	965,000	1,741,549	2,706,549
2004	975,000	1,689,111	2,664,111
2005	1,045,000	1,622,410	2,667,410
Thereafter	27,130,000	15,178,049	42,308,049
Total	<u>\$ 31,845,000</u>	<u>23,859,017</u>	<u>55,704,017</u>

**(8) Lease Obligations**

A summary of capitalized lease commitments at December 31, 2000 follows:

Year ending December 31:	
2001	51,824
2002	<u>51,824</u>
Total minimum lease payments	103,648
Less amount representing interest	<u>5,978</u>
Present value of future minimum lease payments	<u>\$ 97,670</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

**(9)Property, Plant and Equipment**

*(a) Proprietary Funds*

A summary of property, plant and equipment at December 31, 2000 follows:

Account	Enterprise Funds						Internal Service Fund
	Water and Sewer Fund	Sanitation	Public Parking System	Storm- water Utility	Golf Course	Total	Central Maintenance Fund
Land	\$ 492,773	-	479,055	771,712	-	1,743,540	-
Buildings and Improvements	76,511,892	929,517	3,946,434	4,100,941	3,586,312	89,075,096	390,454
Machinery and equipment	5,352,246	5,035,030	338,170	250,117	258,935	11,234,498	392,550
	82,356,911	5,964,547	4,763,659	5,122,770	3,845,247	102,053,134	783,004
Less accumulated depreciation	(27,887,832)	(3,253,142)	(1,487,158)	(305,028)	(513,386)	(33,446,546)	(624,815)
	54,469,079	2,711,405	3,276,501	4,817,742	3,331,861	68,606,588	158,189
Construction in progress	26,037,406	-	-	-	-	26,037,406	-
Net property, plant and equipment	\$ <u>80,506,485</u>	<u>2,711,405</u>	<u>3,276,501</u>	<u>4,817,742</u>	<u>3,331,861</u>	<u>94,643,994</u>	<u>158,189</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

**(b) General Fixed Assets Account Group**

A summary of changes in general fixed assets for the year ended December 31, 2000 follows:

	<u>Land</u>	<u>Building and Improvements</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
Beginning of year	\$ 5,135,121	36,712,497	17,332,798	2,747,469	61,927,885
Additions:					
Expenditures from:					
General Fund	-	74,877	738,417	-	813,294
Special Revenue Funds	1,069,452	17,622	1,075,301	1,458,983	3,621,358
Capital Projects Fund	-	305,044	263,237	8,462,880	9,031,161
Total additions	<u>1,069,452</u>	<u>397,543</u>	<u>2,076,955</u>	<u>9,921,863</u>	<u>13,465,813</u>
Deletions:					
General Fund	-	-	127,946	-	127,946
Total deletions	<u>-</u>	<u>-</u>	<u>127,946</u>	<u>-</u>	<u>127,946</u>
End of year	<u>\$ 6,204,573</u>	<u>37,110,040</u>	<u>19,281,807</u>	<u>12,669,332</u>	<u>75,265,752</u>

**(10) Defined Benefit Pension Plan**

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS; 611 South Kansas Avenue, Topeka, KS 66603.

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 2000 is 3.22%. The City's employer contributions to KPERS for the years ending December 31, 2000, 1999, and 1998 were \$1,019,033, \$784,643, and \$899,063, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2000 is 7.35%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending



**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

December 31, 2000, 1999, and 1998 were \$1,792,376, \$1,671,438, and \$1,728,019, respectively, equal to the required contributions for each year.

**(11) Interfund Transactions**

***Interfund Operating Transfers***

A summary of operating transfers for the year ended December 31, 2000 follows:

<b>Receiving Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General	\$ 800,450	4,227,000
Special Revenue Funds:		
Guest Tax	-	31,200
Recreation	107,000	-
Airport Reserve	15,000	-
Capital Improvement Reserve	546,000	-
Equipment Reserve	250,000	-
Guest Tax Reserve	31,200	-
Sales Tax Reserve	2,659,000	-
	3,608,200	31,200
Debt Service Fund	18,457	-
Capital Projects Fund	-	18,457
Enterprise Funds:		
Water and Sewer System	-	604,950
Sanitation	-	128,500
Public Parking System	-	20,000
Storm Water Utility	-	40,000
Municipal Golf Course	150,000	-
	150,000	793,450
Internal Service – Central Maintenance	-	7,000
Nonexpendable Trust-Housing Trust Fund	500,000	-
	\$ 5,077,107	5,077,107

Additionally, the Library (Special Revenue) Fund transferred \$1,484,000 to the Lawrence Public Library Component Unit.

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

***Interfund Receivables and Payables***

At December 31, 2000, the following funds had interfund receivables and payables to the following funds:

<u>Due From</u>		<u>General Fund</u>
Special Revenue Funds:		
Special Gas Tax	\$	133,000
Outside Agency Fund		109,000
Wee Folks Scholarship		4,000
Community Development		361,000
Home Program		4,000
Transportation Planning		19,000
		<u>630,000</u>
Expendable Trust Fund-City Parks Memorial		<u>6,000</u>
Totals	\$	<u><u>636,000</u></u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

**(12) Segments of Enterprise Activities**

Water, sewer and sanitation services and the operations of the public parking system and golf course are financed by user charges and are accounted for as Enterprise Funds. Additional financial data for the year ended December 31, 2000 for these five funds is as follows:

	<b>Water and Sewer System</b>	<b>Sanitation</b>	<b>Public Parking System</b>	<b>Storm- water Utility</b>	<b>Golf Course</b>	<b>Total</b>
<b>Assets:</b>						
Current assets	\$ 29,703,794	3,402,737	448,591	1,192,992	403,104	35,151,218
Restricted assets	1,707,279	4,505	-	-	-	1,711,784
Property, plant and equipment, net	80,506,485	2,711,405	3,276,501	4,817,742	3,331,861	94,643,994
	<u>\$ 111,917,558</u>	<u>6,118,647</u>	<u>3,725,092</u>	<u>6,010,734</u>	<u>3,734,965</u>	<u>131,506,996</u>
<b>Liabilities and equity:</b>						
Current liabilities	\$ 2,120,988	443,592	37,523	94,263	83,507	2,779,873
Liabilities payable from restricted assets	1,975,786	4,504	-	408,006	140,000	2,528,296
Long-term liabilities	17,307,112	-	-	3,453,840	3,292,670	24,053,622
Fund equity	90,513,672	5,670,551	3,687,569	2,054,625	218,788	102,145,205
	<u>\$ 111,917,558</u>	<u>6,118,647</u>	<u>3,725,092</u>	<u>6,010,734</u>	<u>3,734,965</u>	<u>131,506,996</u>
Operating revenues	\$ 20,886,254	6,631,038	593,255	1,187,206	990,169	30,287,922
Operating expenses	11,564,734	6,259,954	677,338	876,948	804,613	20,183,587
Operating income	9,321,520	371,084	(84,083)	310,258	185,556	10,104,335
Other income (expense)	791,485	284,423	23,110	(119,720)	(155,313)	823,985
Income before operating transfers	10,113,005	655,507	(60,973)	190,538	30,243	10,928,320
Net operating transfers	(604,950)	(128,500)	(20,000)	(40,000)	150,000	(643,450)
Net income (loss)	<u>\$ 9,508,055</u>	<u>527,007</u>	<u>(80,973)</u>	<u>150,538</u>	<u>180,243</u>	<u>10,284,870</u>
Changes in contributed capital - depreciation add-back	\$ 111,349	-	115,879	-	-	227,228
Property, plant and equipment additions, net of retirements	\$ 11,300,950	582,151	188,610	120,138	(124,050)	12,067,799
Net working capital	<u>\$ 27,582,806</u>	<u>2,959,145</u>	<u>411,068</u>	<u>1,098,729</u>	<u>319,597</u>	<u>32,371,345</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

**(13) Commitments and Contingencies**

**A. Contract Commitments**

At December 31, 2000, the City had construction contract commitments totaling approximately \$13,850,000. The City expects to receive the contracted services during fiscal year 2001.

At year-end, capital project authorizations compared with expenditures from inception are as follows:

<u>Project</u>	<u>Description</u>	<u>Resolution Number</u>	<u>Authorized</u>	<u>Expenditures to Date</u>
01A00S	Iowa, 19th to 31st	6187	\$ 250,000	\$ 248,649
01CP8S	W. 6th St., Wakarusa to SLT	5975 6133	202,310	88,132
02P00B	Comet Lane, 6th Street	6164	150,000	10,820
03P00B	7th Street, Comet to Monterey Way	6230	200,000	9,851
04P00B	24th, Crossgate to Inverness	6137 6226	1,853,000	704,638
05P00B	Inverness, Clinton Parkway to 24th	6138	237,210	29,230
06W00B	Inverness Park Drainage	6140	1,045,000	285,675
07S17C	Clinton & Wakarusa Signal	5932	132,509	139,639
07ST9B	6th & Maine Medical Plaza	6059 6134	730,000	379,316
07T00B	Clinton Parkway & Crossgate	6141	440,000	53,244
08S00B	Inverness Park Sanitary Sewer	6139	121,000	15,123
09P00B	Crossgate, Clinton Parkway to 24th	6153	247,500	27,641
09SW9S	Kasold Recreation Path	5974	195,000	68,144
14W00C	8th St, Conn to NJ, street & stormwater	6052	900,000	134,058
15B00C	2000 Building renovations	6221	800,000	354,380
18A00C	2000 Overlay, Phase I	6167	235,000	244,107
20A00C	2000 Overlay & Curb, Phase II	6167	315,000	321,995
26PL8C	800 New Hampshire Parking Lot	6050	300,000	285,888
30B00C	Harper Fire Station Construction	6132 6276	1,785,000	106,457
42CP9C	City Fueling Station	6037	250,000	129,825
44CP9B	27th St, Bluestem to Scottsdale	6088 6218	310,000	182,560
45AP9B	Scottsdale, 26th to 27th St.	6090 6219	165,000	83,147
50CP9B	George Williams Way	6085	950,000	710,195
54GI9S	23rd & Barker Geometric Imps & Traffic Study	6129	70,000	34,528
55S17C	1997 Traffic Signal Improvements	5934	106,471	92,933
58CP7S	Monterey Way, Harvard to 15th	5963 6069	550,000	385,907
58CP9B	Parkside Addition #2	6156	145,000	160,034
60SS8B	Western Hills Sanitary Sewer Improvements	6028	900,000	776,028
61CP8S	Riverridge, Iowa to Michigan	6053	450,000	432,137
62AP8C	Michigan, 7th to 9th	6042 6058	600,000	530,798
62G00B	22nd & Kasold Geometric Improvements	6213	300,000	578

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

<u>Project</u>	<u>Description</u>	<u>Resolution Number</u>	<u>Authorized</u>	<u>Expenditures to Date</u>
64CP9S	N. Michigan, Riverridge to W. 2nd	6182	160,000	102,972
64T00B	Clinton Parkway/Hawthorne	6239	250,000	1,501
65GI9S	27th & Iowa Geometric Imps & Traffic Study	6130 6286	187,300	33,737
81CP9B	27th & Wakarusa Improvements	6121	150,000	132,688
84S19C	23rd & Alabama Traffic Signal	6201	290,000	288,551
85S19C	Harvard & Iowa Traffic Signal	6201	110,000	103,199
86SS9B	Langston Hughes Sanitary Sewer	6146	60,000	46,941
95PH07	Public Health Facility	5787 5778 5798	8,080,000	7,023,559
97PR20	Indoor Aquatics Center	5825 6064	7,500,000	6,459,207
98ARTC	Art Center Expansion	6241	7,350,000	1,133,626
TIF9NH	900 New Hampshire TIF District	6242	8,650,000	2,305,970

Expenditures may exceed authorized amounts by up to 10%.

The Indoor Aquatics Center is a joint project with the Lawrence Unified School District No. 497.

In addition to the above capital projects, the City has an ongoing Wastewater Treatment Plant expansion project in the Water and Sewer fund for a total cost of approximately \$40,000,000, of which \$34,398,530 remains available at December 31, 2000.

**B. Insurance**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets errors and omissions; injuries to employees; and natural disasters. Under the City's risk management program, the City retains risk for general liability protection, automobile liability and up to \$300,000 per occurrence (\$1,000,000 in aggregate) for each worker's compensation claim. The City purchases commercial insurance for claims in excess of the maximum under an umbrella policy. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Claims expenditures and liabilities are reported based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,261,904 at December 31, 2000 and is reported as a designation of the Special Revenue fund balance. The City's claims liability reported in the General, Special Revenue, Enterprise and Internal Service Funds and in the general long-term debt account group at December 31, 2000 was \$484,387. The liability reported in the financial statements at December 31, 2000 is based on the requirement that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and that the amount of the loss can be reasonably estimated. Changes in the claims liability in 1999 and 2000 were:

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2000

	<b>December 31, 1998</b>	<b>Claims and Changes in Estimates</b>	<b>Payments</b>	<b>December 31, 1999</b>	<b>Claims and Changes in Estimates</b>	<b>Payments</b>	<b>December 31, 2000</b>
	<b>Balance</b>			<b>Balance</b>			<b>Balance</b>
General Fund	\$ 55,324	329,002	291,959	92,367	220,335	288,736	23,966
Special Revenue Funds	-	132,869	132,869	-	299,634	299,634	-
Enterprise Funds	8,972	45,667	24,145	30,494	147,150	177,644	-
Internal Service Fund	327,533	2,701,489	2,638,063	390,959	2,742,226	2,774,064	359,121
General Long-term Debt Account Group	32,610	173,640	-	206,250	-	104,950	101,300
	<u>\$ 424,439</u>	<u>3,382,667</u>	<u>3,087,036</u>	<u>720,070</u>	<u>3,409,345</u>	<u>3,645,028</u>	<u>484,387</u>

**(14) Fund Deficit**

At December 31, 2000, the Transportation Planning Fund had a deficit of \$10,524. The deficit is a result of program expenditures for which reimbursement has not yet been requested.

**(15) Contributed Capital**

During 2000, changes in contributed capital were as follows:

	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
Balances, beginning of year	\$ 3,173,288	97,391	3,270,679
Deductions – depreciation	<u>227,229</u>	<u>12,509</u>	<u>239,738</u>
Balances, end of year	<u>\$ 2,946,059</u>	<u>84,882</u>	<u>3,030,941</u>

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### **GENERAL FUND**

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

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### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

## **SPECIAL REVENUE FUNDS**

### **Fund Descriptions**

#### **BUDGETED FUNDS**

*Guest Tax Fund* – This fund is used to account for the 4% guest tax received on the occupancy of hotels and motels in the City.

*Library Fund* – This fund is used to account for the tax receipts collected and disbursed to the local public library.

*Transportation Fund* – This fund is used to account for revenues and expenditures associated with the fixed route bus system and para-transit services of the City beginning in the year 2000.

*Recreation Fund* – This fund is used to account for user fees derived from recreational and cultural events and the expenditures necessary to carry out the recreation programs at the City's four community recreation centers.

*Special Alcohol Fund* – This fund is used to account for one-third of the liquor tax received by the City from the State of Kansas. The revenues are used to finance contractual programs for the prevention and treatment of drug and alcohol abuse.

*Special Gas Tax Fund* – This fund is used to account for the gasoline tax received from the State of Kansas and Douglas County. The expenditures are primarily for repairs of streets and to provide for new traffic signals.

*Special Recreation Fund* – This fund is used to account for one-third of the liquor tax received from the State of Kansas. These funds are used to provide additional resources for recreational activities and historic tours.

#### **NONBUDGETED FUNDS**

*Airport Improvement Fund* – This fund is used to account for grant proceeds received from the Federal Aviation and Administration and the operations of the airport. Revenues are generated from the fixed based operator and farming income (K.S.A. 79-2925).

*Capital Improvement Reserve Fund* – This fund is used to account for major capital improvements which are not funded by long-term debt. Transfers from the General Fund provide the resources for these expenditures (K.S.A. 12-1118).

*Equipment Reserve Fund* – This fund is used to account for major equipment purchases which are not budgeted in the operating funds of the Governmental Fund Types or financed with general obligation bonds. Transfers from the General Fund provide the resources for these expenditures (K.S.A. 12-1117).

*Guest Tax Reserve Fund* – This fund is used to account for funds being reserved for Horizon 2020 (Charter Ordinance No. 30).

*Liability Reserve Fund* – This fund is used to account for reserve of the City's self-insured liability programs (K.S.A. 12-2615).

*Sales Tax Reserve Fund* – This fund is used to account for the City's share of a .01 cents sales tax levied by the county designated for recreational and cultural capital projects and a health facility project (K.S.A. 12-1118).

## **SPECIAL REVENUE FUNDS**

### **Fund Descriptions, Continued**

*Law Enforcement Grant Fund* - This fund is used to account for Local Law Enforcement Block Grant received. These funds are used to reduce crime and improve public safety(K.S.A. 12-1663).

*Workers' Compensation Reserve Fund* - This fund is used to account for reserves established for the City's self-insured workers' compensation (K.S.A. 12-2615).

*Summer Youth Fund* - This fund is used to account for a donation received from Hallmark Foundation to provide employment opportunities to youth in the community through the Parks and Recreation Department (K.S.A. 79-2925).

*Outside Agency Fund* - This fund is used to account for grants passed through the outside agencies and Project Freedom which is staffed by City employees (K.S.A. 12-1663).

*Wee Folks Scholarship Fund* – The fund was started with a \$12,000 donation from the St. Patrick's Day Parade organization. The City is to seek matching donations. The fund is to be used to provide scholarships for Lawrence youth for recreational activities.

*Fair Housing Assistance Fund* – This fund is used to account for federal housing assistance grants received by the City. The monies are used to promote fair housing practices in the City and to assure compliance with federal regulations governing fair housing practices (K.S.A. 12-1663).

*Community Development Fund* – This fund is used to account for federal block grants received and related program income. These funds are used to provide assistance to target neighborhoods in the City (K.S.A. 12-1663).

*Rehabilitation Escrow Fund* – This fund is used to account for federal grants received to provide assistance to homeowners for improvements to properties in targeted neighborhoods (K.S.A. 12-1663).

*Home Program Fund* – This fund is used to account for federal funds received to assist low income residents to purchase homes (K.S.A. 12-1663).

*Transportation Planning Fund* – This fund is used to account for federal grants received for urban transportation planning (K.S.A. 12-1663).

*Law Enforcement Trust Fund* – This fund is used to account for proceeds from the sale of assets forfeited in a legal proceeding. Receipts in the fund are used to defray the cost of complex investigations, purchase technical equipment or provide matching funds for federal grants (K.S.A. 65-4173).

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### **DEBT SERVICE FUND**

*Bond and Interest Fund* – This fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies of the primary government when the government is obligated to pledge its full faith and credit for the payment.

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## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

*Water and Sewer Fund* – This fund is used to account for the activities of the Utilities Department which provides water and sewer services to residents of the City.

*Sanitation Fund* – This fund is used to account for the activities of recycling, solid waste and disposal of refuse.

*Public Parking System Fund* – This fund is used to account for the operation of all parking facilities owned by the City.

*Storm Water Utility Fund* – This fund is used to record the revenues from the storm water fee assessed each property based on its impervious surface. Expenses for repair and maintenance of the storm water system and debt service are also recorded in this fund.

*Golf Course Fund* – This fund is used to record the activities of Eagle Bend Golf Course, a publicly owned facility.

### **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

*Central Maintenance Fund* – This fund accounts for the repairs and maintenance expenses of the City's fleet of vehicles and equipment.

*Stores Fund* – This fund accounts for the purchase of office supplies.

*Health Insurance Fund* – This fund accounts for the payment of health insurance claims.

## **TRUST AND AGENCY FUNDS**

Trust Funds are used to account for assets held by the government in a trustee capacity. Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

### **AGENCY FUNDS**

*Payroll Clearing Fund* – This fund is used to account for withholdings from payroll pending payment to outside agencies.

*Sales Tax Fund* – This fund is used to account for sales tax due to the State of Kansas on water sales to customers.

*Municipal Court Fund* – This fund is used to account for cash bonds paid by defendants.

*KPRF Fund* – This fund is used by the Parks and Recreation Department to purchase tickets, pay travel agents and pay for other reimbursable expenses.

*Fire Insurance Proceeds Fund* – This fund accounts for insurance proceeds received and held by the City until the affected property is demolished.

### **EXPENDABLE TRUST FUNDS**

*City Parks Memorial Fund* – This fund is used to account for donations received from the public to fund special requests for landscaping and flower gardens (K.S.A. 79-2925).

*Constant Park Trust Fund* – This fund is used to account for donations received from the Estate of Frances Constant for development of Constant Park (K.S.A. 79-2925).

*Hobbs Park Trust Fund* – This fund is used to account for donations received from the Hobbs Estate for the development of Hobbs Park in East Lawrence (K.S.A. 79-2925).

*City Band Fund* – This fund is used to account for donations received from the public to fund the summer band concert series (K.S.A. 79-2925).

### **NONEXPENDABLE TRUST FUNDS**

*Cemetery Perpetual Care Fund* – This fund is used to provide monies for the maintenance of the City Cemetery (K.S.A. 79-2925).

*Cemetery Mausoleum Fund* – This fund is used to provide monies for the City Mausoleum (K.S.A. 79-2925).

*Housing Trust Fund* – This fund is used to acquire, construct, and rehabilitate affordable housing (K.S.A. 12-16,114).

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**COMPONENT UNITS**

*Lawrence Housing Authority*

*Lawrence Memorial Hospital*

*Lawrence Public Library*

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# **STATISTICAL SECTION**





# **SINGLE AUDIT SECTION**

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