

# **CITY OF LAWRENCE, KANSAS**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2001**

**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

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# **INTRODUCTORY SECTION**



Mike Wildgen, City Manager

# City of Lawrence KANSAS

City Offices  
Box 708 6044-0708 6 East 6<sup>th</sup>  
TDD 785-832-3205 785-832-3000  
FAX 785-832-3405  
[www.lawrenceks.org](http://www.lawrenceks.org)

## CITY COMMISSION

MAYOR  
SUE HACK

## COMMISSIONERS

DAVID M. DUNFIELD  
JAMES R. HENRY  
MARTIN A. KENNEDY  
MIKE RUNDLE

May 31, 2002

To the Citizens of Lawrence:

The Comprehensive Annual Financial Report (CAFR) of the City of Lawrence for the year ended December 31, 2001 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 a legally separate entity. 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, DST, and Berry Plastics. The average civilian labor force in Douglas County during 2001 was 56,150. An average of 4.4%, or 2,474 people, were unemployed during 2001. The state and local governments employed the largest number of employees (14,175), followed by the services sector (11,608), and the retail





sector (10,892). All employment categories, with the exception of the government sector, experienced a reduction in the number of employees during 2001.

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 \$127.4 million in 1997, \$141.1 million in 1998, \$149.7 million in 1999, \$175.0 million in 2000 and \$152.2 million in 2001. Combined city and countywide sales tax collections in 2001 represent a 2.0% increase over 2000. A total of 1,323 single-family homes were sold in 2001.

A 500-space downtown-parking garage to be partially financed with tax increment financing was constructed in 2001. A new Arts Center, retail shops and apartments will also be built in the tax increment financing district. The City experienced additional retail development in the Northwest part of the city, as well as continued development along south Iowa. 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 constructed 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 2001, the City undertook a variety of activities to improve services and enhance economic development.

A total of \$4,260,000 in general obligation bonds was issued in 2001 to obtain long-term financing of improvements in benefit districts and construction of City projects. City projects included construction of various street and building projects. In addition, \$14,850,000 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 began in 2001. A widening of 6<sup>th</sup> Street (US Highway 40) is planned, with the City share of the project cost estimated to be slightly more than \$3 million.

### **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, 2001 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, 2001 and the amount and percentage of increases and decreases in relation to prior year revenues.

<b>Revenues</b>	<b>Amount*</b>	<b>Percent of Total</b>	<b>Increase (Decrease) From 2000</b>	<b>Percent of Increase (Decrease)</b>
Taxes	\$ 28,871	49.6%	\$ 1,688	6.2%
Licenses and permits	676	1.2	82	13.9
Special assessments	703	1.2	(65)	(8.4)
Charges for service	4,133	7.1	826	25.0
Fines	1,437	2.5	70	5.2
Interest	1,784	3.1	(686)	27.8
Intergovernmental	19,453	33.3	3,979	25.7
Miscellaneous	1,177	2.0	144	13.9
<b>Total</b>	<b>\$ 58,234</b>	<b>100.0%</b>	<b>\$ 6,038</b>	

*\*In thousands of dollars.*

Taxes increased due to an 8.7% increase in assessed valuation, a 3.1% increase in city sales tax and a 6.7% increase in franchise fees. The increase in licenses and permits is because an increase in building permit fees offset a 13.0% reduction in the value of building permits issued. Special assessments decreased because of prior year prepayments and fewer outstanding benefit districts. Charges for services were more because of increased reimbursements for ambulance service and the receipt in 2001 of County reimbursements for 2000 Planning Department expenditures. Fines are greater due to an increase in the number of traffic tickets issued. Interest revenues were less due to the dramatic reduction in interest rates. Intergovernmental revenue increased because of reimbursements for a full year of public transit operations and additional Home Program expenditures.

The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Fund expenditures for the fiscal year ended December 31, 2001 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 2000</u>	<u>Percent of Increase (Decrease)</u>
Current:				
General Government	\$ 13,374	23.4%	\$ 5,318	66.0%
Public Safety	17,361	30.3	1,358	8.5
Public Works	5,716	10.0	429	8.1
Health	1,201	2.1	90	8.2
Social Services	2,055	3.6	(140)	(6.4)
Culture and Recreation	5,141	9.0	893	21.0
Tourism	443	0.8	(17)	(3.8)
Airport	79	0.1	(3)	(3.7)
Capital Outlay	3,913	6.8	(929)	(19.2)
Debt Service:				
Principal	5,320	9.3	(4,660)	(46.7)
Interest and fiscal charges	<u>2,645</u>	<u>4.6</u>	<u>340</u>	<u>14.7</u>
Total	\$ <u>57,248</u>	<u>100.0%</u>	\$ <u>2,679</u>	

*\*In thousands of dollars.*

General Government expenditures increased due to a 3% COLA and a full year of expenditures for the mass transportation system. Expenditures for Public Safety show an increase because of cost of living increases and the hiring of ten police officers and the opening of a police satellite facility. Public Works increased because of cost of living increases and greater expenditures out of the Gas Tax Fund. Health related expenditures increased because of the higher costs associated with the Lawrence/Douglas County Health Facility. Social Services decreased due to lower CDBG activity. Culture and Recreation expenditures increased due to the 3% COLA and additional operating costs associated with operating and maintaining the new indoor aquatic center. Principal charges decreased due to the advanced refunding of debt in 2000.

The unreserved fund balance of the General Fund increased by 8.2% from 2000. The 2001 unreserved General Fund balance of \$10,374,335 represented over 31.4% 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, 2001, the City had a number of debt issues outstanding. These issues included \$62,615,000 of general obligation bonds and \$11,855,000 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, 2001, the City's net general obligation bonded debt was 9.2% of the assessed property value, well below the legal limit of 30.0%, and net bonded debt per capita equaled \$658.45.

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 3.5%. The City earned interest revenue of \$4,126,659 on all investments for the year ended December 31, 2001.

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's agent. All collateral on deposits was held either by a federal reserve bank or a dealer bank's trust department, as required by Kansas Statutes. The City's agent holds securities such as treasury bills and federal agencies. As a result, all of the City's uncollateralized investments were in the third credit risk category 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 2001 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, 2000. 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.

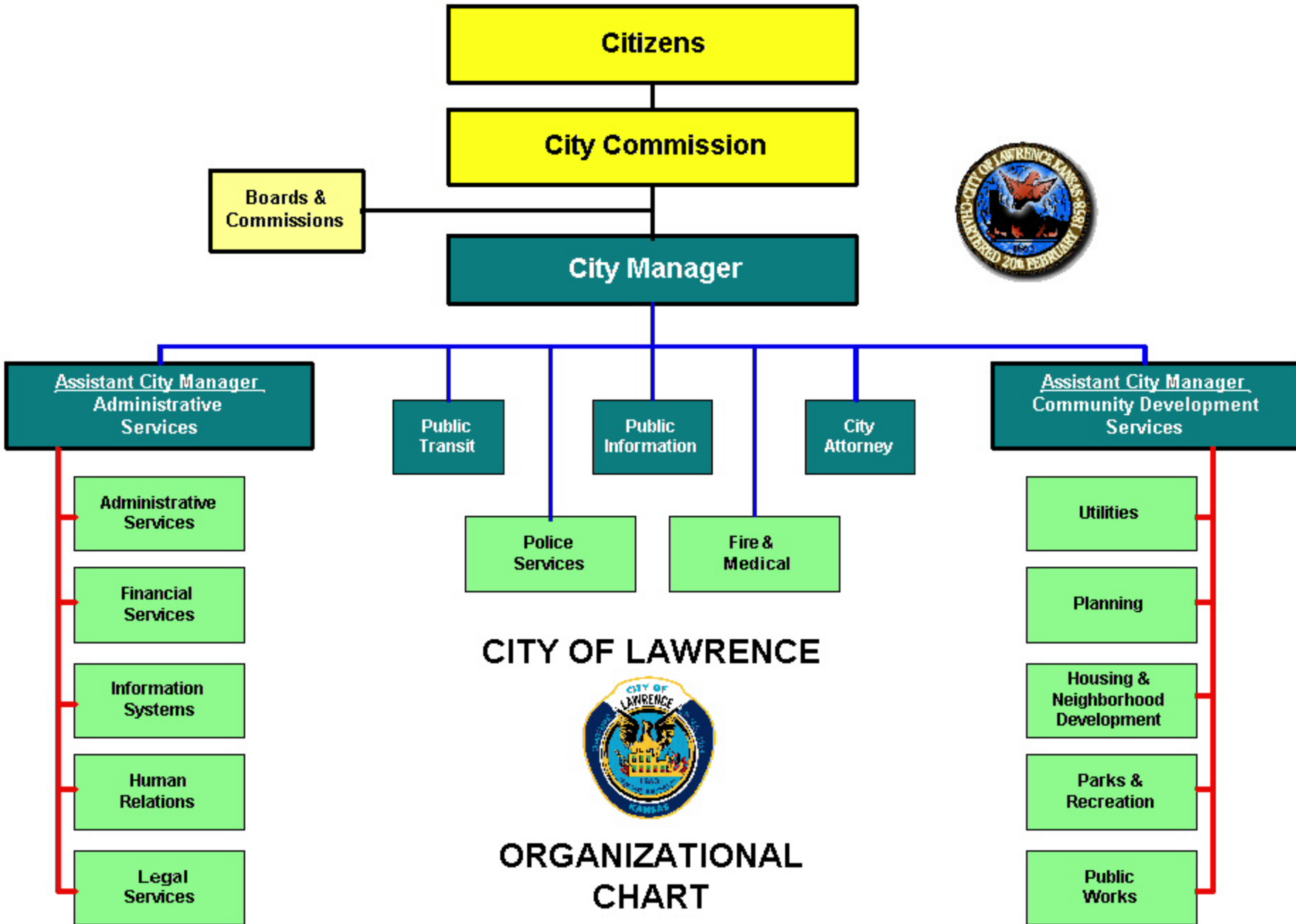
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements.

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



## **CITY OF LAWRENCE, KANSAS**

### **List of Principal Officials**

December 31, 2001

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lawrence,  
Kansas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Timothy A. Brown*  
President

*Jeffrey L. Esser*  
Executive Director

## **FINANCIAL SECTION**



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**LOWENTHAL SINGLETON WEBB & WILSON**  
**P R O F E S S I O N A L   A S S O C I A T I O N**

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CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301  
Lawrence, Kansas 66044-2868  
Phone: (785) 749-5050  
Fax: (785) 749-5061  
E-mail: lswwcpa@lswwcpa.com

David A. Lowenthal, CPA  
Thomas E. Singleton, CPA  
Patricia L. Webb, CPA  
Thomas G. Wilson, CPA

—  
Kenneth R. Hite, CPA  
Mary A. LeGresley, CPA  
Audrey M. Odermann, CPA

—  
Members of American Institute  
and Kansas Society of  
Certified Public Accountants

**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, 2001, 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. 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, based on our audit and the report of other auditors, 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, 2001, 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 30, 2002, 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. That report is an integral part of our audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report considering the results of our audit.

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.

We did not audit the data included in the introductory and statistical sections of this report and therefore, we express no opinion thereon.

*Howenthal, Singleton, Webb & Wilson*

Professional Association

April 30, 2002

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**Exhibit A**

**CITY OF LAWRENCE, KANSAS**

**Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units**

December 31, 2001

Assets		General	Special Revenue	Debt Service	Capital Projects	Proprietary		Fiduciary Fund Type Trust and Agency	Account Groups		Totals Primary Government (Memorandum Only)	Combined Component Units	Totals Reporting Entity (Memorandum Only)
						Enterprise	Internal Service		General Fixed Assets	General Long-term Debt			
Cash	\$	1,517,953	1,656,768	1,638,780	169,055	1,823,933	106,109	245,472	—	—	7,158,070	6,574,063	13,732,133
Investments		11,517,170	13,748,205	6,358,779	6,951,144	28,775,878	2,131,916	589,144	—	—	70,072,236	9,107,495	79,179,731
Receivables (net of allowances for uncollectibles):													
Taxes		7,764,336	3,272,708	3,834,590	—	—	—	—	—	—	14,871,634	—	14,871,634
Special assessments		—	—	2,940,308	—	—	—	—	—	—	2,940,308	—	2,940,308
Intergovernmental		—	1,722,512	—	—	—	—	—	—	—	1,722,512	—	1,722,512
Accounts		140,181	161,529	179,614	—	2,426,024	155,010	—	—	—	3,062,358	14,634,998	17,697,356
Franchise fees		255,256	—	—	—	—	—	—	—	—	255,256	—	255,256
Loans		—	213,194	—	—	—	—	—	—	—	213,194	—	213,194
Accrued interest		105,031	65,531	49,841	50,796	225,901	18,150	3,546	—	—	518,796	1,831	520,627
Due from other funds		—	—	—	—	270,500	—	—	—	—	270,500	—	270,500
Inventories		—	—	—	—	579,882	198,801	—	—	—	778,683	456,069	1,234,752
Prepaid items		—	—	—	—	173,448	—	—	—	—	173,448	1,355,757	1,529,205
Restricted assets													
Cash		—	—	—	—	313,676	—	93,484	—	—	407,160	—	407,160
Investments		—	—	—	—	3,474,061	—	—	—	—	3,474,061	12,551,189	16,025,250
Property, plant and equipment (net of accumulated depreciation where applicable)		—	—	—	—	122,642,559	145,299	—	92,909,471	—	215,697,329	56,432,433	272,129,762
Deferred bond issue costs		—	—	—	—	—	—	—	—	—	—	774,660	774,660
Other assets		—	—	—	—	—	—	—	—	—	—	3,345,893	3,345,893
Other debits:													
Amount available in Debt Service Fund		—	—	—	—	—	—	—	—	7,638,070	7,638,070	—	7,638,070
Amount to be provided for retirement of general long-term debt		—	—	—	—	—	—	—	—	49,626,038	49,626,038	56,204	49,682,242
Total assets	\$	21,299,927	20,840,447	15,001,912	7,170,995	160,705,862	2,755,285	931,646	92,909,471	57,264,108	378,879,653	105,290,592	484,170,245

## CITY OF LAWRENCE, KANSAS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units, Continued

December 31, 2001

Liabilities, Equity and Other Credits	General	Special Revenue	Debt Service	Capital Projects	Proprietary		Fiduciary Fund Type Trust and Agency	Account Groups		Totals Primary Government (Memorandum Only)	Combined Component Units	Totals Reporting Entity (Memorandum Only)
					Enterprise	Internal Service		General Fixed Assets	General Long-term Debt			
Liabilities:												
Accounts payable	\$ 1,015,881	211,987	—	1,762,733	6,216,844	47,084	201,541	—	—	9,456,070	3,682,459	13,138,529
Accrued expenses	—	—	—	—	—	—	—	—	—	—	3,151,362	3,151,362
Accrued interest payable	—	—	—	69,049	251,305	—	—	—	—	320,354	893,847	1,214,201
Accrued payroll	827,426	116,555	—	—	330,518	21,974	—	—	—	1,296,473	—	1,296,473
Accrued vacation and sick pay	1,218,088	146,291	—	—	738,627	72,517	—	—	1,069,413	3,244,936	91,636	3,336,572
Due to other funds	—	198,500	—	46,000	—	26,000	—	—	—	270,500	—	270,500
Payable from restricted assets:												
Customer deposits and court bond payable	—	—	—	—	682,350	—	93,484	—	—	775,834	79,575	855,409
Current portion of revenue bonds	—	—	—	—	1,345,000	—	—	—	—	1,345,000	1,494,776	2,839,776
Current portion of general obligation bonds	—	—	—	—	571,149	—	—	—	—	571,149	—	571,149
Estimated claims and judgments payable	58,103	—	—	—	3,956	648,475	—	—	125,085	835,619	—	835,619
Temporary notes payable	—	—	—	14,850,000	—	—	—	—	—	14,850,000	—	14,850,000
Notes payable	—	—	—	—	22,112,277	—	—	—	107,161	22,219,438	—	22,219,438
General obligation bonds payable	—	—	—	—	6,081,402	—	—	—	55,962,449	62,043,851	—	62,043,851
Revenue bonds payable	—	—	—	—	10,510,000	—	—	—	—	10,510,000	29,298,210	39,808,210
Capital lease payable	—	—	—	—	48,835	—	—	—	—	48,835	1,899,527	1,948,362
Net pension obligation	—	—	—	—	—	—	—	—	—	—	3,263,334	3,263,334
Deferred revenue	7,018,284	4,954,384	7,363,842	—	—	22,768	—	—	—	19,359,278	5,458	19,364,736
Total liabilities	10,137,782	5,627,717	7,363,842	16,727,782	48,892,263	838,818	295,025	—	57,264,108	147,147,337	43,860,184	191,007,521
Equity and other credits:												
Contributed capital	—	—	—	—	2,718,832	72,168	—	—	—	2,791,000	9,451,422	12,242,422
Investment in general fixed assets	—	—	—	—	—	—	—	92,909,471	—	92,909,471	1,171,750	94,081,221
Retained earnings												
Reserved for revenue bond requirements	—	—	—	—	3,105,387	—	—	—	—	3,105,387	—	3,105,387
Unreserved	—	—	—	—	105,989,380	1,844,299	—	—	—	107,833,679	50,175,161	158,008,840
Fund balances:												
Reserved for improvements	—	—	—	(9,556,787)	—	—	—	—	—	(9,556,787)	—	(9,556,787)
Reserved for donor restriction	—	—	—	—	—	—	523,000	—	—	523,000	—	523,000
Reserved for encumbrances	787,810	426,227	—	—	—	—	—	—	—	1,214,037	—	1,214,037
Reserved for debt service	—	—	7,638,070	—	—	—	—	—	—	7,638,070	—	7,638,070
Reserved for loans	—	213,194	—	—	—	—	—	—	—	213,194	—	213,194
Unreserved:												
Designated for losses	—	2,086,834	—	—	—	—	—	—	—	2,086,834	—	2,086,834
Undesignated	10,374,335	12,486,475	—	—	—	—	113,621	—	—	22,974,431	632,075	23,606,506
Total fund balances	11,162,145	15,212,730	7,638,070	(9,556,787)	—	—	636,621	—	—	25,092,779	632,075	25,724,854
Total equity and other credits	11,162,145	15,212,730	7,638,070	(9,556,787)	111,813,599	1,916,467	636,621	92,909,471	—	231,732,316	61,430,408	293,162,724
Total liabilities, equity and other credits	\$ 21,299,927	20,840,447	15,001,912	7,170,995	160,705,862	2,755,285	931,646	92,909,471	57,264,108	378,879,653	105,290,592	484,170,245

See accompanying notes to general purpose financial statements

## CITY OF LAWRENCE, KANSAS

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

Year Ended December 31, 2001

	Governmental Fund Types				Fiduciary Fund Type	Totals Primary Government (Memorandum Only)	Component Unit Lawrence Public Library	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust			
Revenues:								
Taxes	\$ 21,074,610	3,744,938	4,051,783	—	—	28,871,331	—	28,871,331
Special assessments	—	—	703,422	160,977	—	864,399	—	864,399
Licenses and permits	675,677	—	—	—	—	675,677	—	675,677
Charges for services	2,942,328	1,190,230	—	—	—	4,132,558	8,608	4,141,166
Fines, forfeitures and penalties	1,437,216	—	—	—	—	1,437,216	67,425	1,504,641
Interest	884,648	471,261	427,890	749,772	1,185	2,534,756	24,064	2,558,820
Intergovernmental	9,154,446	10,298,824	—	3,012,353	—	22,465,623	178,896	22,644,519
Reimbursements	—	—	—	260,166	—	260,166	2,526	262,692
Miscellaneous	392,376	463,253	320,911	—	5,605	1,182,145	91,324	1,273,469
Total revenues	36,561,301	16,168,506	5,504,006	4,183,268	6,790	62,423,871	372,843	62,796,714
Expenditures:								
Current:								
General government	7,539,094	5,834,390	—	—	—	13,373,484	—	13,373,484
Public safety	17,360,889	—	—	—	—	17,360,889	—	17,360,889
Public works	3,232,147	2,483,651	—	—	—	5,715,798	—	5,715,798
Health	662,034	538,856	—	—	—	1,200,890	—	1,200,890
Social services	284,370	1,770,777	—	—	—	2,055,147	—	2,055,147
Culture and recreation	2,493,146	2,648,339	—	—	—	5,141,485	2,022,846	7,164,331
Tourism	—	443,181	—	—	—	443,181	—	443,181
Airport	79,691	—	—	—	—	79,691	—	79,691
Capital outlay	1,288,757	2,624,697	—	24,135,013	—	28,048,467	—	28,048,467
Debt service:								
Principal retirement	19,276	1,254,125	4,046,582	—	—	5,319,983	—	5,319,983
Interest and fiscal charges	—	827,059	1,817,718	527,699	—	3,172,476	—	3,172,476
Total expenditures	32,959,404	18,425,075	5,864,300	24,662,712	—	81,911,491	2,022,846	83,934,337
Excess (deficiency) of revenues over (under) expenditures	3,601,897	(2,256,569)	(360,294)	(20,479,444)	6,790	(19,487,620)	(1,650,003)	(21,137,623)
Other financing sources (uses):								
Operating transfers in	830,450	4,665,632	51,338	—	—	5,547,420	—	5,547,420
Operating transfers out	(4,307,000)	(109,593)	—	(200,377)	—	(4,616,970)	—	(4,616,970)
Operating transfers to component units	—	(1,593,914)	—	—	—	(1,593,914)	—	(1,593,914)
Operating transfers from primary government	—	—	—	—	—	—	1,593,914	1,593,914
Proceeds of general obligation bonds	—	—	—	4,260,000	—	4,260,000	—	4,260,000
Total other financing sources (uses)	(3,476,550)	2,962,125	51,338	4,059,623	—	3,596,536	1,593,914	5,190,450
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	125,347	705,556	(308,956)	(16,419,821)	6,790	(15,891,084)	(56,089)	(15,947,173)
Fund balance, beginning of year	11,036,798	14,507,174	7,947,026	6,863,034	34,299	40,388,331	688,164	41,076,495
Fund balance, end of year	\$ 11,162,145	15,212,730	7,638,070	(9,556,787)	41,089	24,497,247	632,075	25,129,322

See accompanying notes to general purpose financial statements

## CITY OF LAWRENCE, KANSAS

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Statutory Basis) - General, Special Revenue and Debt Service Fund Types

Year Ended December 31, 2001

	General Fund			Budgeted Special Revenue Funds			Budgeted Debt Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	\$ 19,728,413	21,074,610	1,346,197	4,242,016	4,191,779	(50,237)	3,992,063	4,051,783	59,720
Special assessments	—	—	—	—	—	—	583,177	703,422	120,245
Licenses and permits	513,550	675,677	162,127	—	—	—	—	—	—
Charges for services	2,751,923	2,942,328	190,405	1,404,036	1,171,578	(232,458)	30,000	—	(30,000)
Fines, forfeitures and penalties	1,200,000	1,437,216	237,216	—	—	—	—	—	—
Interest	620,000	884,648	264,648	—	—	—	100,000	427,890	327,890
Intergovernmental	8,418,717	9,154,446	735,729	3,120,000	3,480,182	360,182	—	—	—
Miscellaneous	239,000	392,376	153,376	72,000	141,307	69,307	—	320,911	320,911
Total revenues	33,471,603	36,561,301	3,089,698	8,838,052	8,984,846	146,794	4,705,240	5,504,006	798,766
Expenditures:									
Current:									
General government	8,172,633	7,488,707	683,926	1,648,386	610,594	1,037,792	—	—	—
Public safety	17,964,243	17,337,635	626,608	—	—	—	—	—	—
Public works	3,539,045	3,094,326	444,719	2,785,584	2,494,366	291,218	—	—	—
Health	696,202	650,302	45,900	506,316	503,664	2,652	—	—	—
Social services	283,090	283,272	(182)	—	—	—	—	—	—
Culture and recreation	2,463,316	2,457,563	5,753	3,201,805	2,785,726	416,079	—	—	—
Tourism	—	—	—	568,400	421,841	146,559	—	—	—
Airport	91,725	80,625	11,100	—	—	—	—	—	—
Capital outlay	869,095	876,578	(7,483)	—	—	—	—	—	—
Debt service:									
Principal retirement	20,000	19,276	724	—	—	—	6,225,000	4,046,582	2,178,418
Interest and fiscal charges	—	—	—	—	—	—	2,464,858	1,817,718	647,140
Total expenditures	34,099,349	32,288,284	1,811,065	8,710,491	6,816,191	1,894,300	8,689,858	5,864,300	2,825,558
Excess (deficiency) of revenues over (under) expenditures	(627,746)	4,273,017	4,900,763	127,561	2,168,655	2,041,094	(3,984,618)	(360,294)	3,624,324
Other financing sources (uses):									
Operating transfers in	830,650	830,450	(200)	572,000	572,000	—	—	51,338	51,338
Operating transfers out	(4,295,000)	(4,307,000)	(12,000)	(120,793)	(109,593)	11,200	—	—	—
Operating transfers to component units	—	—	—	(1,593,914)	(1,593,914)	—	—	—	—
Total other financing uses	(3,464,350)	(3,476,550)	(12,200)	(1,142,707)	(1,131,507)	11,200	—	51,338	51,338
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ (4,092,096)	796,467	4,888,563	(1,015,146)	1,037,148	2,052,294	(3,984,618)	(308,956)	3,675,662
Fund balance, beginning of year		11,036,798			14,507,174			7,947,026	
Net change in fund balance of nonbudgeted funds		—			458,858			—	
Encumbrances, beginning of year		(1,458,930)			(1,216,677)			—	
Encumbrances, end of year		787,810			426,227			—	
Fund balance, end of year	\$	<u>11,162,145</u>		\$	<u>15,212,730</u>		\$	<u>7,638,070</u>	

See accompanying notes to general purpose financial statements

## CITY OF LAWRENCE, KANSAS

Combined Statement of Revenues, Expenses and Changes in Retained Earnings/  
Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely  
Presented Component Units

For the Year Ended December 31, 2001

	<b>Proprietary Fund Types</b>		<b>Fiduciary Fund Types</b>	<b>Combined Component Units</b>
	<b>Enterprise Funds</b>	<b>Internal Service</b>	<b>Nonexpendable Trust Funds</b>	<b>Housing Authority &amp; Hospital</b>
Operating revenues:				
Charges for services	\$ 31,517,283	5,558,333	—	87,454,503
Other sales	305,929	—	1,000	1,489,466
Interest income	—	—	25,213	—
Total operating revenues	31,823,212	5,558,333	26,213	88,943,969
Operating expenses:				
Continuing operations	7,462,865	1,785,252	—	78,056,716
Transmission and distribution	8,298,858	—	—	—
General administration	1,748,156	480,983	—	—
Health insurance claims	—	3,709,046	—	—
Depreciation and amortization	4,164,364	41,866	—	5,785,042
Total operating expenses	21,674,243	6,017,147	—	83,841,758
Operating income (loss)	10,148,969	(458,814)	26,213	5,102,211
Other income (expense):				
Interest income	1,464,044	103,795	—	1,200,950
Interest expense and fiscal charges	(1,248,809)	—	—	(1,973,078)
Gain on sale of fixed assets	4,827	1,865	—	(2,561)
Federal and state grant	16,500	—	—	—
Other items	206,313	340	—	(714,318)
Total other income (expense)	442,875	106,000	—	(1,489,007)
Income (loss) before operating transfers	10,591,844	(352,814)	26,213	3,613,204
Operating transfers:				
Operating transfers (out)	(923,450)	(7,000)	—	—
Total operating transfers	(923,450)	(7,000)	—	—
Net income (loss)	9,668,394	(359,814)	26,213	3,613,204
Depreciation on fixed assets acquired by contributions	227,227	12,714	—	—
Increase (decrease) in retained earnings	9,895,621	(347,100)	26,213	3,613,204
Retained earnings/fund balance, beginning of year	99,199,146	2,191,399	569,319	56,013,379
Retained earnings/fund balance, end of year	\$ 109,094,767	1,844,299	595,532	59,626,583

See accompanying notes to general purpose financial statements



## CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable  
Trust Funds and Discretely Presented Component Units

For the Year Ended December 31, 2001

	<b>Proprietary Fund Types</b>		<b>Fiduciary Fund Types</b>	<b>Combined Component Units</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Nonexpendable Trust Funds</b>	<b>Housing Authority &amp; Hospital</b>
Cash flows from operating activities:				
Operating income (loss)	\$ 10,148,969	(458,814)	26,213	5,102,211
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	4,164,364	41,866	—	5,785,042
Interest income	—	—	(25,213)	—
Other items	206,313	340	—	(714,318)
Change in:				
Accounts receivable	(119,754)	44,704	—	1,283,220
Inventories of supplies	(1,641)	8,750	—	6,473
Prepaid items	30,044	—	—	(612,300)
Other assets	—	—	—	1,081,381
Due from other funds	(270,500)	—	—	—
Accounts payable	4,684,888	22,346	—	551,031
Claims payable	—	289,354	—	—
Accrued payroll	20,320	(93)	—	—
Customer deposits	(12,940)	—	—	(11,743)
Accrued vacation and sick pay	104,762	8,449	—	(37,930)
Estimated claims and judgements payable	3,956	—	—	—
Accrued expenses	—	—	—	(793)
Deferred costs	—	—	—	40,901
Net pension obligation	—	—	—	873,469
Due to other funds	—	26,000	—	—
Deferred revenue	—	5,383	—	(273,507)
Total adjustments	8,809,812	447,099	(25,213)	7,970,926
Net cash provided by (used in) operating activities	18,958,781	(11,715)	1,000	13,073,137
Cash flows from noncapital financing activities:				
Operating transfers out	(923,450)	(7,000)	—	—
Grant proceeds	16,500	—	—	—
Net cash used in noncapital financing activities	(906,950)	(7,000)	—	—

(Continued)

## CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable  
Trust Funds and Discretely Presented Component Units, Continued

For the Year Ended December 31, 2001

	<b>Proprietary Fund Types</b>		<b>Fiduciary Fund Types</b>	<b>Combined Component Units</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Nonexpendable Trust Funds</b>	<b>Housing Authority &amp; Hospital</b>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	\$ (32,062,254)	(28,977)	—	(5,309,441)
Proceeds from sales of capital assets	4,827	1,865	—	823
Proceeds from notes	16,660,165	—	—	—
Principal payments on debt	(1,878,130)	—	—	(1,487,701)
Interest payments on debt	(1,301,358)	—	—	(1,918,400)
Net cash used in capital and related financing activities	(18,576,750)	(27,112)	—	(8,714,719)
Cash flows from investment activities:				
Receipt of interest and dividends	1,718,288	105,994	25,120	1,72,093
Net change in investments	—	—	—	(5,392,030)
Purchases of investments	(83,296,646)	(6,273,544)	(1,717,786)	—
Sales of investments	81,272,960	6,022,397	1,637,956	—
Net cash provided by (used in) investing activities	(305,398)	(145,153)	(54,710)	(4,219,937)
Net increase (decrease) in cash	(830,317)	(190,980)	(53,710)	138,481
Cash and cash equivalents, beginning of year	2,967,926	297,089	86,692	5,793,931
Cash and cash equivalents, end of year	\$ 2,137,609	106,109	32,982	5,932,412
Componentenets of cash and cash equivalents at end of year:				
Cash	\$ 1,823,933	106,109	245,472	5,932,412
Restricted cash	313,676	—	—	—
Less Agency and Expendable Trust Cash	—	—	(212,490)	—
	\$ 2,137,609	106,109	32,982	5,932,412

See accompanying notes to general purpose financial statements

## City of Lawrence, Kansas

### Notes to General Purpose Financial Statements

December 31, 2001

#### (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 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 of Lawrence, Kansas

### Notes to General Purpose Financial Statements

December 31, 2001

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.

The accrual basis of accounting is utilized by Proprietary Fund Types, Nonexpendable Trust Funds, and two component units: Lawrence Housing Authority and Lawrence Memorial

## City of Lawrence, Kansas

### Notes to General Purpose Financial Statements

December 31, 2001

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.

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,

## City of Lawrence, Kansas

### Notes to General Purpose Financial Statements

December 31, 2001

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 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.

## **City of Lawrence, Kansas**

### **Notes to General Purpose Financial Statements**

December 31, 2001

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 2001.

#### ***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***

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***

## **City of Lawrence, Kansas**

### **Notes to General Purpose Financial Statements**

December 31, 2001

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 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:



## **City of Lawrence, Kansas**

### **Notes to General Purpose Financial Statements**

December 31, 2001

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, 2001

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>
Assets:				
Current assets	\$ 2,967,309	28,477,245	685,659	32,130,213
Restricted assets	-	12,551,189	-	12,551,189
Property, plant and equipment, net	10,138,576	45,122,107	1,171,750	56,432,433
Noncurrent assets	73,196	4,047,357	-	4,120,553
Amount to be provided for the retirement of general long- term debt	-	-	56,204	56,204
	<u>\$ 13,179,081</u>	<u>90,197,898</u>	<u>1,913,613</u>	<u>105,290,592</u>
Liabilities and equity:				
Current liabilities	\$ 251,654	7,457,862	109,788	7,819,304
Liabilities payable from restricted assets	79,575	1,494,776	-	1,574,351
Long-term liabilities	5,458	34,461,071	-	34,466,529
Fund equity	12,842,394	46,784,189	1,803,825	61,430,408
	<u>\$ 13,179,081</u>	<u>90,197,898</u>	<u>1,913,613</u>	<u>105,290,592</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	\$ 5,753,383	83,190,586	88,943,969
Operating expenses	4,792,925	79,048,833	83,841,758
Operating income	960,458	4,141,753	5,102,211
Other income (expense)	56,552	(1,545,559)	(1,489,007)
Net income (loss)	<u>\$ 1,017,010</u>	<u>2,596,194</u>	<u>3,613,204</u>

## City of Lawrence, Kansas

### Notes to General Purpose Financial Statements

December 31, 2001

#### (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, 2001 cash on hand, deposits, including accrued interest, and bank balances covered by FDIC insurance or collateral, is as follows:

	<u>Primary Government</u>
Cash and deposits, including certificates of deposit:	
Carrying amount	\$ <u>25,755,230</u>
Bank balance	\$ <u>26,470,318</u>
FDIC insurance	\$ 200,000
Collateral pledged and held at the Federal Reserve in the City's name or at a third-party bank under joint custody Agreements	15,762,753
Letters of credit issued by the Federal Home Loan Bank in the City's name	20,340,000
Uncollateralized	<u>-</u>
	\$ <u>36,302,753</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, 2001

<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	\$ <u>—</u>	<u>—</u>	<u>55,356,297</u>	55,356,297	55,356,297
State Treasurer's investment pool				<u>-</u>	<u>-</u>
Total				\$ <u>55,356,297</u>	<u>55,356,297</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	7,560,980
Total investments, including accrued interest	<u>74,065,093</u>
Total	\$ <u>81,630,323</u>

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

	<u>Primary Government</u>
Cash	\$ 7,158,070
Investments	70,072,236
Accrued interest	518,796
Restricted:	
Cash	407,160
Investments	<u>3,474,061</u>
	\$ <u>81,630,323</u>

# City of Lawrence, Kansas

## Notes to General Purpose Financial Statements

December 31, 2001

### (5)Tax Revenue

Tax revenue for the year ended December 31, 2001 is as follows:

	Primary Government			Total
	General Fund	Special Revenue Funds	Debt Service Funds	
Property taxes	\$ 5,853,672	3,311,919	3,607,893	12,773,484
Motor vehicle tax	700,055	409,697	418,505	1,528,257
Payment in lieu of tax	56,711	23,322	25,385	105,418
Utility franchise taxes	3,466,443	-	-	3,466,443
Sales taxes	10,997,729	-	-	10,997,729
Tax revenue	\$ 21,074,610	3,744,938	4,051,783	28,871,331

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, 2000, on which the 2001 levy was based, was \$545,451,921.

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, 2001 for 2002 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, 2001 were as follows:

Fund	Levy
Primary government:	
General	\$ 10.951
Library	2.629
Public Transportation	2.671
Recreation	.902
Debt Service	6.751
Total primary government	\$ 23.904

# City of Lawrence, Kansas

## Notes to General Purpose Financial Statements

December 31, 2001

### (6) Intergovernmental Revenue

Intergovernmental revenue during the year ended December 31, 2001 consisted of the following:

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Projects Fund</b>	<b>Enterprise Funds</b>	<b>Total Primary Government</b>
Federal:					
CDBG	\$ -	1,062,238	-	-	1,062,238
Home	-	615,712	-	-	615,712
HUD	-	78,638	-	-	78,638
FFA	-	-	2,407,101	-	2,407,101
FTA	-	3,410,926	-	-	3,410,926
Department of Justice	-	116,343	-	-	116,343
	<u>-</u>	<u>5,283,857</u>	<u>2,407,101</u>	<u>-</u>	<u>7,690,958</u>
Pass-through:					
Commerce and Housing	-	53,882	-	-	53,882
DOT	-	106,867	-	-	106,867
Department of Interior	7,410	220,563	-	-	227,973
	<u>7,410</u>	<u>381,312</u>	<u>-</u>	<u>-</u>	<u>388,722</u>
State:					
DOR	1,750,681	3,927,023	-	-	5,677,704
SRS	-	50,000	-	-	50,000
DOT	141,802	656,632	605,252	-	1,403,686
Health & Environment	-	-	-	16,500	16,500
	<u>1,892,483</u>	<u>4,633,655</u>	<u>605,252</u>	<u>16,500</u>	<u>7,147,890</u>
County:					
Sales Tax	7,084,780	-	-	-	7,084,780
Use Tax	169,773	-	-	-	169,773
	<u>7,254,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,254,553</u>
Total	<u>\$ 9,154,446</u>	<u>10,298,824</u>	<u>3,012,353</u>	<u>16,500</u>	<u>22,482,123</u>

# City of Lawrence, Kansas

## Notes to General Purpose Financial Statements

December 31, 2001

### (7)Debt

The following is a summary of long-term debt transactions for the year ended December 31, 2001:

Type of Issue	Beginning Balance	Discount Amortization/ Additions	Reductions	Ending Balance
General obligation bonds, to be paid with:				
Tax levies	\$ 57,003,154	4,260,000	5,300,705	55,962,449
Enterprise revenues	7,196,846	-	544,295	6,652,551
Revenue bonds	13,140,000	-	1,285,000	11,855,000
Long term notes payable	5,586,083	16,660,165	26,810	22,219,438
Temporary notes	11,875,000	14,850,000	11,875,000	14,850,000
Capital lease obligations	97,670	-	48,835	48,835
Estimated claims and judgements payable	484,387	351,232	-	835,619
Accrued vacation and sick pay	954,516	114,897	-	1,069,413
Total primary government	\$ 96,337,656	36,236,294	19,080,645	113,493,305

Debt payable, other than capital lease obligations, claims and judgments and compensated absences, at December 31, 2001 is composed of the following:

Debt Issue	Date Issued	Interest Rate	Original Amount	Balance At End of Year
Revenue bonds:				
Water and sewerage refunding & improvement	1992	2.85-5.3	\$ 3,615,000	\$ 365,000
Water and sewerage improvement	1994	4.7-6.7	4,200,000	1,020,000
Water and sewerage improvement	1996	4.9-6.9	6,390,000	4,920,000
Water and sewerage improvement	1997	4.5-6.5	6,900,000	5,550,000
				11,855,000
Long term notes payable -				
Kansas Partnership Fund	1998		290,127	107,161
Kansas Public Wastewater Loan	2000		20,163,651	20,163,651
Kansas Public Water Supply Loan	2001		1,948,626	1,948,626
				22,219,438

# City of Lawrence, Kansas

## Notes to General Purpose Financial Statements

December 31, 2001

<b>Debt Issue</b>	<b>Date Issued</b>	<b>Interest Rate</b>	<b>Original Amount</b>	<b>Balance At End of Year</b>
General obligation bonds:				
Internal improvement	1992	6.1	\$ 1,410,000	\$ 175,000
Internal improvement	1993	3.5-5.5	1,140,000	130,000
Internal improvement	1994	4.6-6.6	1,990,000	455,000
Street & internal improvement	1995	4.6-6.25	3,065,000	1,050,000
Street & internal improvement	1995	4.0-6.25	2,445,000	1,100,000
Internal improvement	1995	4.4-6.2	295,000	115,000
Internal improvement	1996	4.5-6.5	9,240,000	5,665,000
Internal improvement	1996	4.6-6.5	540,000	300,000
Internal improvement	1996	4.8-6.8	16,465,000	12,555,000
Internal improvement	1996	4.8-6.8	390,000	220,000
Internal improvement	1997	4.45-6.45	2,930,000	1,550,000
Internal improvement	1997	4.2-4.7	2,900,000	1,895,000
Internal improvement	1998	3.6-4.4	5,325,000	3,345,000
Internal improvement	1999	3.15-4.2	4,405,000	3,175,000
Internal improvement	1999	4.5-6.0	2,110,000	1,745,000
Internal improvement	1999	7.25-8	2,505,000	2,335,000
Internal improvement	2000	4.875-6.25	2,450,000	2,230,000
Internal improvement	2000	4.25-5.95	2,455,000	2,255,000
Internal improvement	2000	4.5-5.75	560,000	505,000
Internal improvement	2000	4.5-6.5	4,280,000	4,185,000
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
Internal improvement	2001	4.375-6.125	2,840,000	2,575,000
Internal improvement	2001	3.25-5.15	1,420,000	1,420,000
				<u>62,615,000</u>
Temporary notes:				
Internal improvement	2001	3.50	10,095,000	10,095,000
Internal improvement	2001	2.50	2,735,000	2,735,000
Internal improvement	2001	2.50	1,710,000	1,710,000
Internal improvement	2001	2.50	310,000	310,000
				<u>14,850,000</u>
Total primary government				<u>\$ 111,539,438</u>

In 2001, the City issued \$4,260,000 of general obligation bonds for paying the costs of certain street, building, sanitary sewer, stormwater, traffic signal, and other improvements. The General Obligation Bonds, Series 2001-A, are due in annual installments of \$190,000 to \$295,000 with interest due in semiannual installments at rates of 4.375% to 6.125% through September 1, 2012. Series 2001-B is due in annual installments of \$95,000 to \$150,000 with interest due in semiannual installments at rates of 3.25% to 5.15% through September 1, 2013.



## City of Lawrence, Kansas

### Notes to General Purpose Financial Statements

December 31, 2001

In 2001, the City issued \$10,095,000 of temporary notes for the purpose of temporarily financing the costs of a major benefit district project along Clinton Parkway, various building improvements, a new fire station, and a sanitary sewer project in Western Hills. The Temporary Notes, Series 2001-I, bear interest of 3.50% and mature June 1, 2002.

In 2001, the City issued \$2,735,000 of temporary notes for the purpose of temporarily financing the costs of certain street, traffic signal and other improvements. The Temporary Notes, Series 2001-II, bear interest of 2.50% and mature October 1, 2002.

In 2001, the City issued \$1,710,000 of temporary notes for the purpose of temporarily financing the costs of certain street, and building improvements. The Temporary Notes, Series 2001-III, bear interest of 2.50% and mature June 1, 2002.

In 2001, the City issued \$310,000 of temporary notes for the purpose of temporarily financing the costs of airport improvements. The Temporary Notes, Series 2001-IV, bear interest of 2.50% and mature October 1, 2002.

The City intends to redeem all temporary notes in 2002 from proceeds of general obligation bonds and/or other temporary notes issued to finance the improvements.

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

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
2002	\$	4,563,851	2,806,123	7,369,974
2003		5,400,843	2,585,559	7,986,402
2004		5,026,306	2,321,465	7,347,771
2005		5,745,211	2,377,439	8,122,650
2006		5,149,159	1,800,176	6,949,335
Thereafter		30,077,079	9,164,008	39,241,087
Total	\$	<u>55,962,449</u>	<u>21,054,770</u>	<u>77,017,219</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2001

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

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
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
2006		685,841	210,451	896,292
Thereafter		3,512,921	857,833	4,370,754
Total	\$	<u>6,652,551</u>	<u>2,189,841</u>	<u>8,842,392</u>

*Total general obligation bonds:*

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
2002	\$	5,135,000	3,125,485	8,260,485
2003		6,000,000	2,879,955	8,879,955
2004		5,655,000	2,589,375	8,244,375
2005		6,400,000	2,617,328	9,017,328
2006		5,835,000	2,010,627	7,845,627
Thereafter		33,590,000	10,021,841	43,611,841
Total	\$	<u>62,615,000</u>	<u>23,244,611</u>	<u>85,859,611</u>

*Revenue bonds:*

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
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
2006		600,000	411,338	1,011,338
Thereafter		7,765,000	2,364,865	10,129,865
Total	\$	<u>11,855,000</u>	<u>4,901,176</u>	<u>16,756,176</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2001

*Long-term notes payable:*

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2002	\$ 15,662	3,615	19,277
2003	16,215	3,062	19,277
2004	16,787	2,490	19,277
2005	17,380	1,897	19,277
2006	17,993	1,284	19,277
Thereafter	23,124	726	23,850
Total	<u>\$ 107,161</u>	<u>13,074</u>	<u>120,235</u>

The 2000 Kansas Wastewater Loan in the amount of \$20,163,651 is a partial draw on a loan commitment of \$46,093,953. The 2001 Kansas Water Supply Loan in the amount of \$1,948,626 is a partial draw on a loan commitment of \$7,000,000. Amortization of these loans is yet to be determined.

*Temporary notes:*

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2001	\$ 14,850,000	587,700	15,437,700

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, 2001

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	\$ 3,105,387	-	3,105,387
Donor restriction	-	-	523,000
Customer deposit and court bonds	682,350	93,484	-
Improvements	-	-	(9,556,787)
Encumbrances	-	-	1,214,037
Loans	-	-	213,194
Total primary government	\$ <u>3,787,737</u>	<u>93,484</u>	<u>(4,501,169)</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</b>	<b>Reductions</b>	<b>Ending Balance</b>
		<b>Amortization/ Additions</b>		
Revenue bonds	\$ 31,605,861	27,125	840,000	30,792,986
Capital lease obligations	1,367,280	1,179,947	647,700	1,899,527
Total Lawrence Memorial Hospital	\$ <u>32,973,141</u>	<u>1,207,072</u>	<u>1,487,700</u>	<u>32,692,513</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, 2001

<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	13,795,000
Series 1997	5.00-5.35	8,000,000	7,240,000
Series 1999	5.00-6.00	10,180,000	9,970,000
Unamortized discounts			(212,014)
			<u>\$ 30,792,986</u>

Annual debt service requirements for hospital revenue bonds as of December 31, 2001 are as follows:

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
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
2006	1,110,000	1,555,336	2,665,336
Thereafter	26,020,000	13,622,713	39,642,713
Total	<u>\$ 31,005,000</u>	<u>22,022,074</u>	<u>53,027,074</u>

**(8) Lease Obligations**

A summary of capitalized lease commitments at December 31, 2001 follows:

Year ending December 31:	
2002	\$ <u>51,824</u>
Total minimum lease payments	51,824
Less amount representing interest	<u>2,989</u>
Present value of future minimum lease payments	<u>\$ 48,835</u>

**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2001

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

**(a) Proprietary Funds**

A summary of property, plant and equipment at December 31, 2001 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	88,097,915	955,887	3,982,814	4,100,941	3,616,125	100,753,682	390,454
Machinery and equipment	6,287,010	5,614,878	386,931	353,914	272,223	12,914,956	421,526
	94,877,698	6,570,765	4,848,800	5,226,567	3,888,348	115,412,178	811,980
Less accumulated depreciation	(30,846,712)	(3,783,573)	(1,679,507)	(445,621)	(739,940)	(37,495,353)	(666,681)
	64,030,986	2,787,192	3,169,293	4,780,946	3,148,408	77,916,825	145,299
Construction in progress	44,330,407	70,864	-	324,463	-	44,725,734	-
Net property, plant and equipment	\$ 108,361,393	2,858,056	3,169,293	5,105,409	3,148,408	122,642,559	145,299

# City of Lawrence, Kansas

## Notes to General Purpose Financial Statements

December 31, 2001

### (b) General Fixed Assets Account Group

A summary of changes in general fixed assets for the year ended December 31, 2001 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	\$ 6,204,573	37,110,040	19,281,807	12,669,332	75,265,752
Additions:					
Expenditures from:					
General Fund	-	-	784,928	-	784,928
Special Revenue Funds	-	2,641,210	3,297,920	1,191,408	7,130,538
Capital Projects Fund	-	7,597,069	-	12,784,555	20,381,624
Total additions	-	10,238,279	4,082,848	13,975,963	28,297,090
Deletions:					
General Fund	-	-	372,852	-	372,852
Special Revenue Funds	-	-	89,061	2,594,389	2,683,450
Capital Projects Fund	-	-	-	7,597,069	7,597,069
Total deletions	-	-	461,913	10,191,458	10,653,371
	\$ 6,204,573	47,348,319	22,902,742	16,453,837	92,909,471
End of year	<u>6,204,573</u>	<u>47,348,319</u>	<u>22,902,742</u>	<u>16,453,837</u>	<u>92,909,471</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 2001 is 2.77%. The City's employer contributions to KPERS for the years ending December 31, 2001, 2000, and 1999 were \$432,913, \$386,832, and \$320,861, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2001 is 6.97%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined

# City of Lawrence, Kansas

## Notes to General Purpose Financial Statements

December 31, 2001

separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2001, 2000, and 1999 were \$964,330, \$952,855, and \$888,610, 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, 2001 follows:

<u>Receiving Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ <u>830,450</u>	<u>4,307,000</u>
Special Revenue Funds:		
Guest Tax	-	25,000
Recreation	572,000	-
Gas Tax Fund	-	84,593
Airport Reserve	15,000	-
Capital Improvement Reserve	799,799	-
Equipment Reserve	145,833	-
Guest Tax Reserve	25,000	-
Liability Reserve	50,000	-
Sales Tax Reserve	2,908,000	-
Workers Comp Reserve	<u>150,000</u>	<u>-</u>
	<u>4,665,632</u>	<u>109,593</u>
Debt Service Fund	<u>51,338</u>	<u>-</u>
Capital Projects Fund	<u>-</u>	<u>200,377</u>
Enterprise Funds:		
Water and Sewer System	-	754,950
Sanitation	-	128,500
Storm Water Utility	<u>-</u>	<u>40,000</u>
	<u>-</u>	<u>923,450</u>
Internal Service – Central Maintenance	<u>-</u>	<u>7,000</u>
	\$ <u><u>5,547,420</u></u>	<u><u>5,547,420</u></u>

Additionally, the Library (Special Revenue) Fund transferred \$1,593,914 to the Lawrence Public Library Component Unit.

#### *Interfund Receivables and Payables*



**City of Lawrence, Kansas**

Notes to General Purpose Financial Statements

December 31, 2001

At December 31, 2001, the following funds had interfund receivables and payables to the following funds:

<b>Due From</b>		<b>Water and Sewer Fund</b>
Special Revenue Funds:		
Special Gas Tax	\$	30,000
Outside Agency Fund		9,000
Wee Folks Scholarship		3,500
Community Development		82,000
Home Program		41,000
Transportation Planning		33,000
		<u>198,500</u>
Capital Project Fund		<u>46,000</u>
Internal Service Fund – Health Insurance		<u>26,000</u>
Totals	\$	<u>270,500</u>

# City of Lawrence, Kansas

## Notes to General Purpose Financial Statements

December 31, 2001

### (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, 2001 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	\$ 28,282,942	3,817,260	424,174	1,510,127	241,063	34,275,566
Restricted assets	3,784,470	3,267	-	-	-	3,787,737
Property, plant and equipment, net	108,361,393	2,858,056	3,169,293	5,105,409	3,148,408	122,642,559
	<u>\$ 140,428,805</u>	<u>6,678,583</u>	<u>3,593,467</u>	<u>6,615,536</u>	<u>3,389,471</u>	<u>160,705,862</u>
<b>Liabilities and equity:</b>						
Current liabilities	\$ 6,721,354	557,430	58,354	107,292	92,864	7,537,294
Liabilities payable from restricted assets	2,024,083	3,267	-	426,149	145,000	2,598,499
Long-term liabilities	32,626,233	-	-	3,031,402	3,098,835	38,756,470
Fund equity	99,057,135	6,117,886	3,535,113	3,050,693	52,772	111,813,599
	<u>\$ 140,428,805</u>	<u>6,678,583</u>	<u>3,593,467</u>	<u>6,615,536</u>	<u>3,389,471</u>	<u>160,705,862</u>
Operating revenues	\$ 21,312,400	6,977,878	601,941	1,875,853	1,055,140	31,823,212
Operating expenses	12,512,695	6,613,317	770,460	733,401	1,044,370	21,674,243
Operating income	8,799,705	364,561	(168,519)	1,142,452	10,770	10,148,969
Other income (expense)	498,708	211,274	16,063	(106,384)	(176,786)	442,875
Income before operating transfers	9,298,413	575,835	(152,456)	1,036,068	(166,016)	10,591,844
Net operating transfers	(754,950)	(128,500)	-	(40,000)	-	(923,450)
Net income (loss)	<u>\$ 8,543,463</u>	<u>447,335</u>	<u>(152,456)</u>	<u>996,068</u>	<u>(166,016)</u>	<u>9,668,394</u>
Changes in contributed capital - depreciation add-back	<u>\$ 111,348</u>	<u>-</u>	<u>115,879</u>	<u>-</u>	<u>-</u>	<u>227,227</u>
Property, plant and equipment additions, net of retirements	<u>\$ 30,813,787</u>	<u>677,081</u>	<u>85,141</u>	<u>428,260</u>	<u>43,098</u>	<u>32,047,367</u>
Net working capital	<u>\$ 21,561,588</u>	<u>3,259,830</u>	<u>365,820</u>	<u>1,402,835</u>	<u>148,199</u>	<u>26,738,272</u>

### (13) Commitments and Contingencies

# City of Lawrence, Kansas

## Notes to General Purpose Financial Statements

December 31, 2001

### A. Contract Commitments

At December 31, 2001, the City had construction contract commitments totaling approximately \$4,200,000. 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:

Project	Description	Resolution Number	Authorized	Expenditures to Date
01A00S	Iowa, 19th to 31 <sup>st</sup>	6187	\$ 250,000	\$ 262,564
01A01S	23 <sup>rd</sup> & Iowa, KLINK	6316	250,000	240,788
01CP8S	W. 6th St., Wakarusa to SLT	5975 6133	271,000	294,317
02P00B	Comet Lane, 6th Street	6164 6223	180,000	191,442
03P00B	7th Street, Comet to Monterey Way	6230 6312	240,000	240,426
04B01C	2001 Building Renovations	6294	600,000	430,582
04P00B	24th, Crossgate to Inverness	6137 6226	1,853,000	1,080,621
05P00B	Inverness, Clinton Parkway to 24th	6138 6298	800,210	711,535
06A01C	2001 Overlay	6283	600,000	559,832
06W00B	Inverness Park Drainage	6140	1,045,000	570,600
07ST9B	6th & Maine Medical Plaza	6059 6134	730,000	399,310
07T00B	Clinton Parkway & Crossgate	6141	440,000	53,244
09P00B	Crossgate, Clinton Parkway to 24th	6153 6301	660,500	323,784
09SW9S	Kasold Recreation Path	5974	195,000	60,082
15B00C	2000 Building renovations	6221	800,000	569,917
26PL8C	800 New Hampshire Parking Lot	6050	300,000	299,276
27T01C	Clinton Parkway, Lawrence Ave	6314	100,000	4,648
30B00C	Harper Fire Station Construction	6132 6276	1,785,000	1,185,723
44CP9B	27th St, Bluestem to Scottsdale	6088 6218	310,000	193,286
45AP9B	Scottsdale, 26th to 27th St.	6090 6219	165,000	88,111
47Z01C	Airport Improvements	6335	350,000	210,807
50CP9B	George Williams Way	6085	950,000	758,677
54GI9S	23rd & Barker Geometric Imps & Traffic Study	6129 6286	150,000	143,580
55SI7C	1997 Traffic Signal Improvements	5934	106,471	92,933
56P01C	19 <sup>th</sup> & Barker Roundabout	6338	550,000	9,184
58CP9B	Parkside Addition #2	6156	145,000	142,565
60SS8B	Western Hills Sanitary Sewer Improvements	6028	1,400,000	1,353,878
61CP8S	Riverridge, Iowa to Michigan	6053	450,000	438,893
62G00B	22nd & Kasold Geometric Improvements	6213	300,000	148,218
62P01B	George Williams Way – South 15 <sup>th</sup>	6345	200,000	112,805

Project	Description	Resolution Number	Authorized	Expenditures to Date
64CP9S	N. Michigan, Riverridge to W. 2nd	6182	325,000	231,684
64T00B	Clinton Parkway/Hawthorne	6239	250,000	227,100

## City of Lawrence, Kansas

### Notes to General Purpose Financial Statements

December 31, 2001

65GI9S	27th & Iowa Geometric Imps & Traffic Study	6130 6286	187,300	135,113
65P00B	Clinton Place Streets	6305	55,000	54,629
74D00C	Louisiana, 18 <sup>th</sup> to Bap	6275	350,000	158,789
81CP9B	27th & Wakarusa Improvements	6121	150,000	139,186
84SI9C	23rd & Alabama Traffic Signal	6201	400,950	374,758
85S00B	Westwood Sewers	6278	150,000	104,849
86SS9B	Langston Hughes Sanitary Sewer	6146	60,000	49,540
87P00B	Inverness, 24 <sup>th</sup> to 27 <sup>th</sup>	6273	850,000	664,025
88P00B	Crossgate, 24 <sup>th</sup> to 27 <sup>th</sup>	6282	85,000	84,617
89W00B	27 <sup>th</sup> & Crossgate Culvert	6285	1,300,000	127,693
98ARTC	Art Center Expansion	6241	7,350,000	3,690,862
TIF9NH	900 New Hampshire TIF District	6242	8,650,000	8,151,932

Expenditures may exceed authorized amounts by up to 10%.

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 \$46,000,000, of which \$31,288,000 remains available at December 31, 2001.

#### **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 \$2,086,834 at December 31, 2001 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, 2001 was \$835,619. The liability reported in the financial statements at December 31, 2001 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 2000 and 2001 were:

# City of Lawrence, Kansas

## Notes to General Purpose Financial Statements

December 31, 2001

	December 31, 1999 Balance	Claims and Changes in Estimates	Payments	December 31, 2000 Balance	Claims and Changes In Estimates	Payments	December 31, 2001 Balance
General Fund	\$ 92,367	220,335	288,736	23,966	388,607	354,470	58,103
Special Revenue Funds	-	299,634	299,634	-	341,258	341,258	-
Enterprise Funds	30,494	147,150	177,644	-	58,298	54,342	3,956
Internal Service Fund	390,959	2,742,226	2,774,064	359,121	3,998,400	3,709,046	648,475
General Long-term Debt							
Account Group	206,250	-	104,950	101,300	23,785	-	125,085
	<u>\$ 720,070</u>	<u>3,409,345</u>	<u>3,645,028</u>	<u>484,387</u>	<u>4,810,348</u>	<u>4,459,116</u>	<u>835,619</u>

### (14) Fund Deficit

At December 31, 2001, the Capital Project Fund had a deficit of \$9,556,787. The deficit is a result of multiple projects currently financed through temporary notes. In addition, the Transportation Planning Fund had a deficit of \$24,257. The deficit is a result of program expenditures for which reimbursement has not yet been requested.

### (15) Contributed Capital

During 2001, changes in contributed capital were as follows:

	Enterprise Funds	Internal Service Funds	Total
Balances, beginning of year	\$ 2,946,059	84,882	3,030,941
Deductions – depreciation	<u>227,227</u>	<u>12,714</u>	<u>239,941</u>
Balances, end of year	<u>\$ 2,718,832</u>	<u>72,168</u>	<u>2,791,000</u>

### (16) New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements:

## **City of Lawrence, Kansas**

### **Notes to General Purpose Financial Statements**

December 31, 2001

Statement No. 34 – “Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments” which establishes a new financial reporting model for state and local governments.

Statement No. 37 – “Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus” which changes the reporting of escheat property to coincide with Statement No. 34, clarifies provisions of Statement No. 34 which are not sufficiently clear, and modifies provisions of Statement No. 34 which have unintended consequences.

Statement No. 38 – “Certain Financial Statement Note Disclosures” which modifies, establishes, and rescinds certain financial statement disclosure requirements.

Statements 34, 37, 38 will become effective for the period beginning January 1, 2003. Management has not yet completed their assessment of these statements, however, they will have a material effect on the financial statement presentation for the City.

### **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.

**Schedule 1****CITY OF LAWRENCE, KANSAS**

## Balance Sheets – General Fund

December 31, 2001  
(With Comparative Amounts for 2000)

<b>Assets</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Cash	\$ 1,517,953	93,961
Investments	11,517,170	12,006,020
Receivables:		
Taxes	7,764,336	6,921,615
Accounts	140,181	154,079
Franchise fees	255,256	348,415
Accrued interest	105,031	241,676
Due from other funds	<u>—</u>	<u>636,000</u>
Total assets	\$ <u><u>21,299,927</u></u>	<u><u>20,401,766</u></u>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 1,015,881	1,283,962
Accrued payroll	827,426	752,646
Accrued vacation and sick leave	1,218,088	1,144,572
Estimated claims and judgments	58,103	23,966
Deferred revenue	<u>7,018,284</u>	<u>6,159,822</u>
Total liabilities	<u>10,137,782</u>	<u>9,364,968</u>
Fund balances:		
Reserved for encumbrances	787,810	1,458,930
Unreserved	<u>10,374,335</u>	<u>9,577,868</u>
Total fund balance	<u>11,162,145</u>	<u>11,036,798</u>
Total liabilities and fund balance	\$ <u><u>21,299,927</u></u>	<u><u>20,401,766</u></u>

See independent auditor's report on the general purpose financial statements.



## CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual – General FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<b>2001</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>2000 Actual</b>
Revenues:				
Taxes	\$ 19,728,413	21,074,610	1,346,197	20,122,866
Licenses and permits	513,550	675,677	162,127	593,385
Charges for services	2,751,923	2,942,328	190,405	2,391,996
Fines, forfeitures and penalties	1,200,000	1,437,216	237,216	1,366,765
Interest	620,000	884,648	264,648	1,210,670
Intergovernmental	8,418,717	9,154,446	735,729	9,066,599
Miscellaneous	239,000	392,376	153,376	217,710
Total revenues	<u>33,471,603</u>	<u>36,561,301</u>	<u>3,089,698</u>	<u>34,969,991</u>
Expenditures:				
General government	8,172,633	7,488,707	683,926	6,736,231
Public safety	17,964,243	17,337,635	626,608	16,013,696
Public works	3,539,045	3,094,326	444,719	2,867,410
Health	696,202	650,302	45,900	607,189
Social services	283,090	283,272	(182)	257,188
Culture and recreation	2,463,316	2,457,563	5,753	2,432,221
Airport	91,725	80,625	11,100	73,041
Capital outlay	869,095	876,578	(7,483)	1,147,724
Debt service:				
Principal retirement	20,000	19,276	724	—
Total expenditures	<u>34,099,349</u>	<u>32,288,284</u>	<u>1,811,065</u>	<u>30,134,700</u>
Excess of revenues over expenditures	<u>(627,746)</u>	<u>4,273,017</u>	<u>4,900,763</u>	<u>4,835,291</u>
Other financing sources (uses):				
Operating transfers in	830,650	830,450	(200)	800,450
Operating transfers out	<u>(4,295,000)</u>	<u>(4,307,000)</u>	<u>(12,000)</u>	<u>(4,227,000)</u>
Total other financing sources (uses)	<u>(3,464,350)</u>	<u>(3,476,550)</u>	<u>(12,200)</u>	<u>(3,426,550)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (4,092,096)</u>	796,467	<u>4,888,563</u>	1,408,741
Fund balance, beginning of year		11,036,798		9,296,123
Net change in reserve for encumbrances		<u>(671,120)</u>		<u>331,934</u>
Fund balance, end of year		<u>\$ 11,162,145</u>		<u>11,036,798</u>

See independent auditor's report on the general purpose financial statements.

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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).

## Schedule 3

## CITY OF LAWRENCE, KANSAS

## Combining Balance Sheet – All Special Revenue Funds

December 31, 2001

Assets	Guest Tax	Library	Transportation	Recreation	Special Alcohol	Special Gas Tax	Special Recreation	Airport Improvement	Capital Improvement Reserve	Equipment Reserve	Guest Tax Reserve	Liability Reserve	Sales Tax Reserve
Cash	\$ 27,017	30,101	21,788	10,269	91,158	1,459	32,749	20,190	198,674	133,906	20,668	62,216	726,501
Investments	10,009	179,863	1,564,030	425,480	169,902	1,054,513	329,444	40,030	3,167,202	2,119,810	70,018	1,213,036	2,542,538
Receivables:													
Taxes	—	1,599,510	1,349,968	323,230	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—	—	—
Accounts	—	—	—	4,260	—	—	—	376	1,750	98,049	—	—	48,754
Loans	—	—	—	—	—	—	—	—	—	—	—	—	—
Accrued interest	—	—	—	—	—	—	—	—	25,832	13,668	175	7,590	12,043
Total assets	<u>\$ 37,026</u>	<u>1,809,474</u>	<u>2,935,786</u>	<u>763,239</u>	<u>261,060</u>	<u>1,055,972</u>	<u>362,193</u>	<u>60,596</u>	<u>3,393,458</u>	<u>2,365,433</u>	<u>90,861</u>	<u>1,282,842</u>	<u>3,329,836</u>
<b>Liabilities and Fund Balances</b>													
Liabilities:													
Accounts payable	\$ —	—	1,668	45,127	61,671	21,876	5,312	—	3,568	—	198	—	—
Accrued payroll	—	—	1,132	56,758	5,249	38,899	—	—	—	—	—	—	—
Accrued vacation/sick pay	—	—	2,167	58,936	7,219	62,676	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	30,000	—	—	—	—	—	—	—
Deferred revenue	—	1,770,634	1,492,315	362,815	—	—	—	376	1,750	1,347	—	—	—
Total liabilities	<u>—</u>	<u>1,770,634</u>	<u>1,497,282</u>	<u>523,636</u>	<u>74,139</u>	<u>153,451</u>	<u>5,312</u>	<u>376</u>	<u>5,318</u>	<u>1,347</u>	<u>198</u>	<u>—</u>	<u>—</u>
Fund balances:													
Reserved for encumbrances	—	—	286,537	23,308	557	82,270	33,555	—	—	—	—	—	—
Reserved for loans	—	—	—	—	—	—	—	—	—	—	—	—	—
Unreserved:													
Designated for losses	—	—	—	—	—	—	—	—	—	—	—	1,282,842	—
Undesignated	37,026	38,840	1,151,967	216,295	186,364	820,251	323,326	60,220	3,388,140	2,364,086	90,663	—	3,329,836
Total fund balances	<u>37,026</u>	<u>38,840</u>	<u>1,438,504</u>	<u>239,603</u>	<u>186,921</u>	<u>902,521</u>	<u>356,881</u>	<u>60,220</u>	<u>3,388,140</u>	<u>2,364,086</u>	<u>90,663</u>	<u>1,282,842</u>	<u>3,329,836</u>
Total liabilities and fund balances	<u>\$ 37,026</u>	<u>1,809,474</u>	<u>2,935,786</u>	<u>763,239</u>	<u>261,060</u>	<u>1,055,972</u>	<u>362,193</u>	<u>60,596</u>	<u>3,393,458</u>	<u>2,365,433</u>	<u>90,861</u>	<u>1,282,842</u>	<u>3,329,836</u>

(Continued)

## Schedule 3 (Cont'd)

## CITY OF LAWRENCE, KANSAS

## Combining Balance Sheet – All Special Revenue Funds, Continued

December 31, 2001

Assets	Law Enforcement Grant	Workers' Compensation Reserve	Summer Youth	Outside Agency	Wee Folks Scholarship	Fair Housing Assistance	Community Development	Rehabilitation Escrow	Home Program	Transportation Planning	Law Enforcement Trust	Totals
Cash	\$ 105,683	114,786	5,578	16	150	18,805	951	12,281	554	174	21,094	1,656,768
Investments	—	694,321	—	—	38,021	129,988	—	—	—	—	—	13,748,205
Receivables:												
Taxes	—	—	—	—	—	—	—	—	—	—	—	3,272,708
Intergovernmental	—	—	—	97,816	—	—	1,568,085	—	42,718	13,893	—	1,722,512
Accounts	—	—	—	—	—	—	8,340	—	—	—	—	161,529
Loans	—	—	—	—	—	—	213,194	—	—	—	—	213,194
Accrued interest	—	5,808	—	—	103	312	—	—	—	—	—	65,531
Total assets	<u>\$ 105,683</u>	<u>814,915</u>	<u>5,578</u>	<u>97,832</u>	<u>38,274</u>	<u>149,105</u>	<u>1,790,570</u>	<u>12,281</u>	<u>43,272</u>	<u>14,067</u>	<u>21,094</u>	<u>20,840,447</u>
<b>Liabilities and Fund Balances</b>												
Liabilities:												
Accounts payable	\$ —	11,520	—	1,655	—	389	44,657	11,684	—	2,662	—	211,987
Accrued payroll	—	—	—	1,376	—	—	10,612	—	—	2,529	—	116,555
Accrued vacation/sick pay	—	—	—	—	—	—	15,160	—	—	133	—	146,291
Due to other funds	—	—	—	9,000	3,500	—	82,000	—	41,000	33,000	—	198,500
Deferred revenue	—	—	—	—	—	—	1,325,147	—	—	—	—	4,954,384
Total liabilities	<u>—</u>	<u>11,520</u>	<u>—</u>	<u>12,031</u>	<u>3,500</u>	<u>389</u>	<u>1,477,576</u>	<u>11,684</u>	<u>41,000</u>	<u>38,324</u>	<u>—</u>	<u>5,627,717</u>
Fund balances:												
Reserved for encumbrances	—	—	—	—	—	—	—	—	—	—	—	426,227
Reserved for loans	—	—	—	—	—	—	213,194	—	—	—	—	213,194
Unreserved:												
Designated for losses	—	803,395	—	—	—	—	—	597	—	—	—	2,086,834
Undesignated	<u>105,683</u>	<u>—</u>	<u>5,578</u>	<u>85,801</u>	<u>34,774</u>	<u>148,716</u>	<u>99,800</u>	<u>—</u>	<u>2,272</u>	<u>(24,257)</u>	<u>21,094</u>	<u>12,486,475</u>
Total fund balances	<u>105,683</u>	<u>803,395</u>	<u>5,578</u>	<u>85,801</u>	<u>34,774</u>	<u>148,716</u>	<u>312,994</u>	<u>597</u>	<u>2,272</u>	<u>(24,257)</u>	<u>21,094</u>	<u>15,212,730</u>
Total liabilities and fund balances	<u>\$ 105,683</u>	<u>814,915</u>	<u>5,578</u>	<u>97,832</u>	<u>38,274</u>	<u>149,105</u>	<u>1,790,570</u>	<u>12,281</u>	<u>43,272</u>	<u>14,067</u>	<u>21,094</u>	<u>20,840,447</u>

See independent auditor's report on the general purpose financial statements.

**Schedule 4**

**CITY OF LAWRENCE, KANSAS**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances –  
All Special Revenue Funds**

Year ended December 31, 2001

	<b>Guest Tax</b>	<b>Library</b>	<b>Transportation</b>	<b>Recreation</b>	<b>Special Alcohol</b>	<b>Special Gas Tax</b>	<b>Special Recreation</b>	<b>Airport Improvement</b>	<b>Capital Improvement Reserve</b>	<b>Equipment Reserve</b>	<b>Guest Tax Reserve</b>	<b>Liability Reserve</b>	<b>Sales Tax Reserve</b>
Revenues:													
Taxes	\$ —	1,579,883	1,614,201	550,854	—	—	—	—	—	—	—	—	—
Charges for services	—	—	97,474	1,074,104	—	—	—	18,652	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	138,735	99,071	2,758	54,292	126,018
Intergovernmental	446,841	—	—	—	453,925	2,572,332	453,925	—	—	—	—	—	220,563
Miscellaneous	—	—	2,500	138,807	—	—	—	6,585	65,283	—	2,000	—	6,053
Total revenues	<u>446,841</u>	<u>1,579,883</u>	<u>1,714,175</u>	<u>1,763,765</u>	<u>453,925</u>	<u>2,572,332</u>	<u>453,925</u>	<u>25,237</u>	<u>204,018</u>	<u>99,071</u>	<u>4,758</u>	<u>54,292</u>	<u>352,634</u>
Expenditures:													
General government	—	—	1,132,522	—	—	—	—	—	—	—	—	23,645	—
Public works	—	—	—	—	—	2,365,571	—	118,080	—	—	—	—	—
Health	—	—	—	—	484,974	—	—	—	—	—	—	—	—
Social services	—	—	—	—	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	2,327,086	—	—	317,606	—	—	—	—	—	—
Tourism	421,841	—	—	—	—	—	—	—	—	—	21,340	—	—
Capital outlay	—	—	1,284	34,578	19,481	341,482	160,216	—	443,758	235,556	—	—	1,317,761
Debt service:													
Principal retirement	—	—	—	—	—	—	—	—	—	—	—	—	1,254,125
Interest and fiscal charges	—	—	—	—	—	—	—	—	—	—	—	—	827,059
Total expenditures	<u>421,841</u>	<u>—</u>	<u>1,133,806</u>	<u>2,361,664</u>	<u>504,455</u>	<u>2,707,053</u>	<u>477,822</u>	<u>118,080</u>	<u>443,758</u>	<u>235,556</u>	<u>21,340</u>	<u>23,645</u>	<u>3,398,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,000</u>	<u>1,579,883</u>	<u>580,369</u>	<u>(597,899)</u>	<u>(50,530)</u>	<u>(134,721)</u>	<u>(23,897)</u>	<u>(92,843)</u>	<u>(239,740)</u>	<u>(136,485)</u>	<u>(16,582)</u>	<u>30,647</u>	<u>(3,046,311)</u>
Other financing sources (uses):													
Operating transfers in	—	—	—	572,000	—	—	—	15,000	799,799	145,833	25,000	50,000	2,908,000
Operating transfers out	(25,000)	—	—	—	—	(84,593)	—	—	—	—	—	—	—
Operating transfers to component units	—	(1,593,914)	—	—	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	<u>(25,000)</u>	<u>(1,593,914)</u>	<u>—</u>	<u>572,000</u>	<u>—</u>	<u>(84,593)</u>	<u>—</u>	<u>15,000</u>	<u>799,799</u>	<u>145,833</u>	<u>25,000</u>	<u>50,000</u>	<u>2,908,000</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>—</u>	<u>(14,031)</u>	<u>580,369</u>	<u>(25,899)</u>	<u>(50,530)</u>	<u>(219,314)</u>	<u>(23,897)</u>	<u>(77,843)</u>	<u>560,059</u>	<u>9,348</u>	<u>8,418</u>	<u>80,647</u>	<u>(138,311)</u>
Fund balance, beginning of year	<u>37,026</u>	<u>52,871</u>	<u>858,135</u>	<u>265,502</u>	<u>237,451</u>	<u>1,121,835</u>	<u>380,778</u>	<u>138,063</u>	<u>2,828,081</u>	<u>2,354,738</u>	<u>82,245</u>	<u>1,202,195</u>	<u>3,468,147</u>
Fund balance, end of year	<u>\$ 37,026</u>	<u>38,840</u>	<u>1,438,504</u>	<u>239,603</u>	<u>186,921</u>	<u>902,521</u>	<u>356,881</u>	<u>60,220</u>	<u>3,388,140</u>	<u>2,364,086</u>	<u>90,663</u>	<u>1,282,842</u>	<u>3,329,836</u>

(Continued)



## Schedule 4 (Cont'd)

## CITY OF LAWRENCE, KANSAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances –  
All Special Revenue Funds, Continued

Year ended December 31, 2001

	Law Enforcement Grant	Workers' Compensation Reserve	Summer Youth	Outside Agency	Wee Folks Scholarship	Fair Housing Assistance	Community Development	Rehabilitation Escrow	Home Program	Transportation Planning	Law Enforcement Trust	Total
Revenues:												
Taxes	\$ —	—	—	—	—	—	—	—	—	—	—	3,744,938
Charges for services	—	—	—	—	—	—	—	—	—	—	—	1,190,230
Interest	629	41,784	96	—	1,447	6,431	—	—	—	—	—	471,261
Intergovernmental	166,343	—	—	4,121,440	—	78,638	1,062,238	—	615,712	106,867	—	10,298,824
Miscellaneous	—	—	—	—	250	—	130,078	—	96,327	—	15,370	463,253
Total revenues	<u>166,972</u>	<u>41,784</u>	<u>96</u>	<u>4,121,440</u>	<u>1,697</u>	<u>85,069</u>	<u>1,192,316</u>	<u>—</u>	<u>712,039</u>	<u>106,867</u>	<u>15,370</u>	<u>16,168,506</u>
Expenditures:												
General government	—	447,501	—	4,028,338	—	85,037	—	—	—	117,347	—	5,834,390
Public works	—	—	—	—	—	—	—	—	—	—	—	2,483,651
Health	—	—	—	53,882	—	—	—	—	—	—	—	538,856
Social services	—	—	—	—	—	—	1,058,738	—	712,039	—	—	1,770,777
Culture and recreation	—	—	—	—	3,647	—	—	—	—	—	—	2,648,339
Tourism	—	—	—	—	—	—	—	—	—	—	—	443,181
Capital outlay	61,289	—	—	—	—	774	5,265	—	—	3,253	—	2,624,697
Debt service:												
Principal retirement	—	—	—	—	—	—	—	—	—	—	—	1,254,125
Interest and fiscal charges	—	—	—	—	—	—	—	—	—	—	—	827,059
Total expenditures	<u>61,289</u>	<u>447,501</u>	<u>—</u>	<u>4,082,220</u>	<u>3,647</u>	<u>85,811</u>	<u>1,064,003</u>	<u>—</u>	<u>712,039</u>	<u>120,600</u>	<u>—</u>	<u>18,425,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>105,683</u>	<u>(405,717)</u>	<u>96</u>	<u>39,220</u>	<u>(1,950)</u>	<u>(742)</u>	<u>128,313</u>	<u>—</u>	<u>—</u>	<u>(13,733)</u>	<u>15,370</u>	<u>(2,256,569)</u>
Other financing sources (uses):												
Operating transfers in	—	150,000	—	—	—	—	—	—	—	—	—	4,665,632
Operating transfers (out)	—	—	—	—	—	—	—	—	—	—	—	(109,593)
Operating transfers to component units	—	—	—	—	—	—	—	—	—	—	—	(1,593,914)
Total other financing sources (uses)	<u>—</u>	<u>150,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,962,125</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses)	<u>105,683</u>	<u>(255,717)</u>	<u>96</u>	<u>39,220</u>	<u>(1,950)</u>	<u>(742)</u>	<u>128,313</u>	<u>—</u>	<u>—</u>	<u>(13,733)</u>	<u>15,370</u>	<u>705,556</u>
Fund balance, beginning of year	<u>—</u>	<u>1,059,112</u>	<u>5,482</u>	<u>46,581</u>	<u>36,724</u>	<u>149,458</u>	<u>184,681</u>	<u>597</u>	<u>2,272</u>	<u>(10,524)</u>	<u>5,724</u>	<u>14,507,174</u>
Fund balance, end of year	<u>\$ 105,683</u>	<u>803,395</u>	<u>5,578</u>	<u>85,801</u>	<u>34,774</u>	<u>148,716</u>	<u>312,994</u>	<u>597</u>	<u>2,272</u>	<u>(24,257)</u>	<u>21,094</u>	<u>15,212,730</u>

See independent auditor's report on the general purpose financial statements.

## Schedule 5

## CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual - Guest Tax FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<b>2001</b>		<b>Variance</b>	<b>2000</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Favorable</u></b> <b><u>(Unfavorable)</u></b>	<b><u>Actual</u></b>
Revenues – intergovernmental	\$ <u>560,000</u>	<u>446,841</u>	<u>(113,159)</u>	<u>461,590</u>
Expenditures:				
Tourism – contractual services	<u>568,400</u>	<u>421,841</u>	<u>146,559</u>	<u>448,800</u>
Excess (deficiency) of revenues over (under) expenditures	(8,400)	25,000	33,400	12,790
Other financing (uses) – operating transfers out	<u>(36,200)</u>	<u>(25,000)</u>	<u>11,200</u>	<u>(31,200)</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	\$ <u><u>(44,600)</u></u>	—	<u><u>44,600</u></u>	(18,410)
Fund balance, beginning of year		<u>37,026</u>		<u>55,436</u>
Fund balance, end of year		\$ <u><u>37,026</u></u>		<u><u>37,026</u></u>

See independent auditor's report on the general purpose financial statements.

**Schedule 6****CITY OF LAWRENCE, KANSAS**Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual – Library FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<b>2001</b>		<b>Variance</b>	<b>2000</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>	<b>Actual</b>
Revenues – taxes	\$ 1,552,483	1,579,883	27,400	1,445,587
Other financing uses – operating transfers to component units	<u>1,593,914</u>	<u>1,593,914</u>	<u>—</u>	<u>1,484,000</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	\$ <u><u>(41,431)</u></u>	(14,031)	<u><u>27,400</u></u>	(38,413)
Fund balance, beginning of year		<u>52,871</u>		<u>91,284</u>
Fund balance, end of year		\$ <u><u>38,840</u></u>		<u><u>52,871</u></u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual – Transportation FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<b>2001</b>		
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Favorable (Unfavorable)</u></b>
			<b><u>2000 Actual</u></b>
Revenues:			
Taxes	\$ 1,597,000	1,614,201	17,201
Charges for services	20,000	97,474	77,474
Miscellaneous	—	2,500	2,500
	<u>1,617,000</u>	<u>1,714,175</u>	<u>97,175</u>
Total revenues			<u>1,474,572</u>
Expenditures:			
General government			
Personal services	61,270	35,884	25,386
Contractual service	1,543,696	545,275	998,421
Commodities	10,420	9,575	845
Capital outlay	21,000	19,860	1,140
Other	12,000	—	12,000
	<u>1,648,386</u>	<u>610,594</u>	<u>1,037,792</u>
Total expenditures			<u>1,427,350</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(31,386)</u>	1,103,581	<u>1,134,967</u>
Fund balance, beginning of year		858,135	1,164
Net change in reserve for encumbrances		<u>(523,212)</u>	<u>809,749</u>
Fund balance, end of year		\$ <u>1,438,504</u>	<u>858,135</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual – Recreation FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<b>2001</b>		<b>Variance</b>	<b>2000</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>	<b>Actual</b>
Revenues:				
Taxes	\$ 532,533	550,854	18,321	473,114
Charges for services	1,384,036	1,074,104	(309,932)	890,723
Miscellaneous	<u>72,000</u>	<u>138,807</u>	<u>66,807</u>	<u>85,265</u>
Total revenues	<u>1,988,569</u>	<u>1,763,765</u>	<u>(224,804)</u>	<u>1,449,102</u>
Expenditures:				
Culture and recreation:				
Personal services	1,926,732	1,893,275	33,457	1,349,222
Contractual service	285,273	230,079	55,194	133,720
Commodities	208,558	197,034	11,524	144,215
Capital outlay	37,121	33,328	3,793	6,853
Other	<u>211,344</u>	<u>—</u>	<u>211,344</u>	<u>1,250</u>
Total expenditures	<u>2,669,028</u>	<u>2,353,716</u>	<u>315,312</u>	<u>1,635,260</u>
Excess (deficiency) of revenues over (under) expenditures	(680,459)	(589,951)	90,508	(186,158)
Other financing sources – operating transfers in	<u>572,000</u>	<u>572,000</u>	<u>—</u>	<u>107,000</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	\$ <u>(108,459)</u>	(17,951)	<u>90,508</u>	(79,158)
Fund balance, beginning of year		265,502		326,631
Net change in reserve for encumbrances		<u>(7,948)</u>		<u>18,029</u>
Fund balance, end of year		\$ <u>239,603</u>		<u>265,502</u>

See independent auditor's report on the general purpose financial statements.

## Schedule 9

## CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual – Special Alcohol FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<b>2001</b>		<b>Variance</b>	<b>2000</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Favorable</u></b> <b><u>(Unfavorable)</u></b>	<b><u>Actual</u></b>
Revenues – intergovernmental	\$ <u>360,000</u>	<u>453,925</u>	<u>93,925</u>	<u>391,480</u>
Expenditures:				
Health:				
Personal services	132,016	144,840	(12,824)	107,503
Contractual service	341,846	339,327	2,519	331,137
Commodities	3,454	16	3,438	3,007
Capital outlay	22,000	19,481	2,519	20,082
Other	<u>7,000</u>	<u>—</u>	<u>7,000</u>	<u>1,238</u>
Total expenditures	<u>506,316</u>	<u>503,664</u>	<u>2,652</u>	<u>462,967</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u><u>(146,316)</u></u>	(49,739)	<u><u>96,577</u></u>	(71,487)
Fund balance, beginning of year		237,451		307,589
Net change in reserve for encumbrances		<u>(791)</u>		<u>1,349</u>
Fund balance, end of year		\$ <u><u>186,921</u></u>		<u><u>237,451</u></u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual – Special Gas Tax FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	2001			
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2000 Actual</u>
Revenues - intergovernmental	\$ 2,400,000	2,572,332	172,332	2,622,602
Expenditures:				
Public works:				
Personal services	1,152,477	1,130,279	22,198	1,033,339
Contractual service	1,500	—	1,500	14,960
Commodities	1,275,912	1,008,799	267,113	1,318,115
Capital outlay	355,695	355,288	407	255,363
Total expenditures	2,785,584	2,494,366	291,218	2,621,777
Excess (deficiency) of revenues over (under) expenditures	(385,584)	77,966	463,550	825
Other financing (uses) – operating transfers out	(84,593)	(84,593)	—	
Excess of revenues over (under) expenditures and other uses	\$ (470,177)	(6,627)	463,550	825
Fund balance, beginning of year		1,121,835		1,046,346
Net change in reserve for encumbrances		(212,687)		74,664
Fund balance, end of year		\$ 902,521		1,121,835

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual – Special Recreation FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<b>2001</b>		<b>Variance</b>	<b>2000</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>	<b>Actual</b>
Revenues:				
Intergovernmental	\$ 360,000	453,925	93,925	391,480
Miscellaneous	—	—	—	190
Total revenues	<u>360,000</u>	<u>453,925</u>	<u>93,925</u>	<u>391,670</u>
Expenditures:				
Culture and recreation:				
Personal services	43,816	37,092	6,724	20,524
Contractual service	283,761	271,187	12,574	145,500
Commodities	27,439	26,470	969	15,590
Capital outlay	152,761	97,262	55,499	154,153
Other	<u>25,000</u>	<u>—</u>	<u>25,000</u>	<u>810</u>
Total expenditures	<u>532,777</u>	<u>432,011</u>	<u>100,766</u>	<u>336,577</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(172,777)</u>	21,914	<u>194,691</u>	55,093
Fund balance, beginning of year		380,778		297,221
Net change in reserve for encumbrances		<u>(45,811)</u>		<u>28,464</u>
Fund balance, end of year		\$ <u>356,881</u>		<u>380,778</u>

See independent auditor's report on the general purpose financial statements.



**Schedule 12****CITY OF LAWRENCE, KANSAS**Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Airport Improvement FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Intergovernmental	\$ —	—
Charges for services	18,652	23,671
Miscellaneous	<u>6,585</u>	<u>1,580</u>
Total revenues	<u>25,237</u>	<u>25,251</u>
Expenditures:		
Public works:		
Contractual service	118,080	43,349
Capital outlay	—	12,950
Other	<u>—</u>	<u>480</u>
Total expenditures	<u>118,080</u>	<u>56,779</u>
Excess (deficiency) of revenues (under) expenditures	(92,843)	(31,528)
Other financing sources - operating transfers in	<u>15,000</u>	<u>15,000</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(77,843)	(16,528)
Fund balance, beginning of year	<u>138,063</u>	<u>154,591</u>
Fund balance, end of year	\$ <u><u>60,220</u></u>	<u><u>138,063</u></u>

See independent auditor's report on the general purpose financial statements.

**Schedule 13****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Capital Improvement Reserve Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Interest	\$ 138,735	154,032
Intergovernmental	—	44,068
Miscellaneous	<u>65,283</u>	<u>10,000</u>
Total revenues	<u>204,018</u>	<u>208,100</u>
Expenditures:		
Public works:		
Contractual service	23,547	1,650
Capital outlay	<u>420,211</u>	<u>191,441</u>
Total expenditures	<u>443,758</u>	<u>193,091</u>
Excess of revenues over (under) expenditures	(239,740)	15,009
Other financing sources - operating transfers in	<u>799,799</u>	<u>546,000</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	560,059	561,009
Fund balance, beginning of year	<u>2,828,081</u>	<u>2,267,072</u>
Fund balance, end of year	<u>\$ 3,388,140</u>	<u>2,828,081</u>

See independent auditor's report on the general purpose financial statements.

**Schedule 14****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Equipment Reserve Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues - interest	\$ <u>99,071</u>	<u>124,893</u>
Expenditures		
Commodities	49,157	23,665
Capital outlay	<u>186,399</u>	<u>445,715</u>
Total expenditures	<u>235,556</u>	<u>469,380</u>
Excess (deficiency) of revenues (under) expenditures	(136,485)	(344,487)
Other financing sources – operating transfers in	<u>145,833</u>	<u>250,000</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	9,348	(94,487)
Fund balance, beginning of year	<u>2,354,738</u>	<u>2,449,225</u>
Fund balance, end of year	\$ <u><u>2,364,086</u></u>	<u><u>2,354,738</u></u>

See independent auditor's report on the general purpose financial statements.

**Schedule 15****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Guest Tax Reserve Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Interest	\$ 2,758	-
Miscellaneous	<u>2,000</u>	<u>3,744</u>
Total revenues	<u>4,758</u>	<u>3,744</u>
Expenditures – tourism:		
Contractual services	12,782	7,500
Commodities	<u>8,558</u>	<u>4,305</u>
Total expenditures	<u>21,340</u>	<u>11,805</u>
Excess (deficiency) of revenues (under) expenditures	(16,582)	(8,061)
Other financing sources – operating transfers in	<u>25,000</u>	<u>31,200</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	8,418	23,139
Fund balance, beginning of year	<u>82,245</u>	<u>59,106</u>
Fund balance, end of year	\$ <u><u>90,663</u></u>	<u><u>82,245</u></u>

See independent auditor's report on the general purpose financial statements.

**Schedule 16****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Liability Reserve Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Interest	\$ 54,292	72,602
Miscellaneous	<u>—</u>	<u>87,012</u>
Total revenues	<u>54,292</u>	<u>159,614</u>
Expenditures – general government	<u>23,645</u>	<u>165,991</u>
Excess (deficiency) of revenues over (under) expenditures	30,647	(6,377)
Other financing sources – operating transfers in	<u>50,000</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	80,647	(6,377)
Fund balance, beginning of year	<u>1,202,195</u>	<u>1,208,572</u>
Fund balance, end of year	\$ <u><u>1,282,842</u></u>	<u><u>1,202,195</u></u>

See independent auditor's report on the general purpose financial statements.

**Schedule 17****CITY OF LAWRENCE, KANSAS**Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Sales Tax Reserve FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Interest	\$ 126,018	277,612
Intergovernmental	220,563	—
Miscellaneous	<u>6,053</u>	<u>42,258</u>
Total revenues	<u>352,634</u>	<u>319,870</u>
Expenditures:		
Capital outlay	1,317,761	2,790,309
Debt service:		
Principal retirement	1,254,125	1,035,000
Interest and fiscal charges	<u>827,059</u>	<u>833,149</u>
Total expenditures	<u>3,398,945</u>	<u>4,658,458</u>
Excess (deficiency) of revenues (under) expenditures	(3,046,311)	(4,338,588)
Other financing sources - operating transfers in	<u>2,908,000</u>	<u>2,659,000</u>
Excess of revenues over (under) expenditures and other uses	(138,311)	(1,679,588)
Fund balance, beginning of year	<u>3,468,147</u>	<u>5,147,735</u>
Fund balance, end of year	\$ <u><u>3,329,836</u></u>	<u><u>3,468,147</u></u>

See independent auditor's report on the general purpose financial statements.

**Schedule 18****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Law Enforcement Grant Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Interest	\$ 629	–
Intergovernmental	<u>166,343</u>	<u>64,657</u>
Total revenues	<u>166,972</u>	<u>64,657</u>
Expenditures – public safety	<u>61,289</u>	<u>64,657</u>
Excess (deficiency) of revenues over (under) expenditures	105,683	–
Fund balance, beginning of year	<u>–</u>	<u>–</u>
Fund balance, end of year	<u>\$ 105,683</u>	<u>–</u>

See independent auditor's report on the general purpose financial statements.

**Schedule 19****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Workers' Compensation Reserve Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Interest	\$ 41,784	67,955
Miscellaneous	<u>—</u>	<u>25,876</u>
Total revenues	<u>41,784</u>	<u>93,831</u>
Expenditures – general government	<u>447,501</u>	<u>133,643</u>
Excess (deficiency) of revenues over (under) expenditures	(405,717)	(39,812)
Other financing sources – operating transfers in	<u>150,000</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures and other uses	(255,717)	(39,812)
Fund balance, beginning of year	<u>1,059,112</u>	<u>1,098,924</u>
Fund balance, end of year	\$ <u><u>803,395</u></u>	<u><u>1,059,112</u></u>

See independent auditor's report on the general purpose financial statements.



**Schedule 20****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Summer Youth Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues - interest	\$ <u>96</u>	<u>344</u>
Expenditures – culture and recreation	<u>—</u>	<u>3,840</u>
Excess (deficiency) of revenues over (under) expenditures	96	(3,496)
Fund balance, beginning of year	<u>5,482</u>	<u>8,978</u>
Fund balance, end of year	\$ <u><u>5,578</u></u>	<u><u>5,482</u></u>

See independent auditor's report on the general purpose financial statements.

**Schedule 21****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Outside Agency Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues - intergovernmental	\$ <u>4,121,440</u>	<u>279,752</u>
Expenditures:		
General government	4,028,338	231,108
Health	<u>53,882</u>	<u>62,380</u>
Total expenditures	<u>4,082,220</u>	<u>293,488</u>
Excess (deficiency) of revenues over (under) expenditures	39,220	(13,736)
Fund balance, beginning of year	<u>46,581</u>	<u>60,317</u>
Fund balance, end of year	\$ <u><u>85,801</u></u>	<u><u>46,581</u></u>

See independent auditor's report on the general purpose financial statements.

**Schedule 22****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Wee Folks Scholarship Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Interest	\$ 1,447	2,384
Miscellaneous	<u>250</u>	<u>10,000</u>
Total revenues	1,697	12,384
Expenditures – culture and recreation	<u>3,647</u>	<u>10,169</u>
Excess (deficiency) of revenues over (under) expenditures	(1,950)	2,215
Fund balance, beginning of year	<u>36,724</u>	<u>34,509</u>
Fund balance, end of year	\$ <u><u>34,774</u></u>	<u><u>36,724</u></u>

See independent auditor's report on the general purpose financial statements.

**Schedule 23****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Fair Housing Assistance Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Interest	\$ 6,431	7,305
Intergovernmental	<u>78,638</u>	<u>85,188</u>
Total revenues	<u>85,069</u>	<u>92,493</u>
Expenditures:		
General government	85,037	48,117
Capital outlay	<u>774</u>	<u>5,962</u>
Total expenditures	<u>85,811</u>	<u>54,079</u>
Excess (deficiency) of revenues over (under) expenditures	(742)	38,414
Fund balance, beginning of year	<u>149,458</u>	<u>111,044</u>
Fund balance, end of year	<u>\$ 148,716</u>	<u>149,458</u>

See independent auditor's report on the general purpose financial statements.

**Schedule 24****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Community Development Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Intergovernmental	\$ 1,062,238	1,462,175
Miscellaneous	<u>130,078</u>	<u>107,144</u>
Total revenues	<u>1,192,316</u>	<u>1,569,319</u>
Expenditures:		
Social services	1,058,738	1,538,392
Capital outlay	<u>5,265</u>	<u>31,231</u>
Total expenditures	<u>1,064,003</u>	<u>1,569,623</u>
Excess (deficiency) of revenues over (under) expenditures	128,313	(304)
Fund balance, beginning of year	<u>184,681</u>	<u>184,985</u>
Fund balance, end of year	<u>\$ 312,994</u>	<u>184,681</u>

See independent auditor's report on the general purpose financial statements.

**CITY OF LAWRENCE, KANSAS**Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Rehabilitation Escrow FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues – miscellaneous	\$ —	—
Expenditures – capital outlay	<u>—</u>	<u>—</u>
Excess of revenues over expenditures	—	—
Fund balance, beginning of year	<u>597</u>	<u>597</u>
Fund balance, end of year	\$ <u><u>597</u></u>	<u><u>597</u></u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Home Program FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues:		
Intergovernmental	\$ 615,712	325,799
Miscellaneous	<u>96,327</u>	<u>77,547</u>
Total revenues	<u>712,039</u>	<u>403,346</u>
Expenditures – social services	<u>712,039</u>	<u>400,230</u>
Excess (deficiency) of revenues over (under) expenditures	—	3,116
Fund balance (deficit), beginning of year	<u>2,272</u>	<u>(844)</u>
Fund balance (deficit), end of year	<u>\$ 2,272</u>	<u>2,272</u>

See independent auditor's report on the general purpose financial statements.

**Schedule 27****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Transportation Planning Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues – intergovernmental	\$ <u>106,867</u>	<u>254,803</u>
Expenditures:		
General government	117,347	204,113
Capital outlay	<u>3,253</u>	<u>—</u>
Total expenditures	<u>120,600</u>	<u>204,113</u>
Excess (deficiency) of revenues over (under) expenditures	(13,733)	50,690
Fund balance (deficit), beginning of year	<u>(10,524)</u>	<u>(61,214)</u>
Fund balance (deficit), end of year	\$ <u><u>(24,257)</u></u>	<u><u>(10,524)</u></u>

See independent auditor's report on the general purpose financial statements.



**Schedule 28****CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Law Enforcement Trust Fund**

Year Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<u>2001</u>	<u>2000</u>
Revenues		
Interest	\$ —	1,602
Miscellaneous	<u>15,370</u>	<u>13,230</u>
Total revenues	15,370	14,832
Expenditures:		
Public safety	—	1,458
Capital outlay	<u>—</u>	<u>57,960</u>
Total expenditures	<u>—</u>	<u>59,418</u>
Excess (deficiency) of revenues over (under) expenditures	15,370	(44,586)
Fund balance, beginning of year	<u>5,724</u>	<u>50,310</u>
Fund balance, end of year	\$ <u><u>21,094</u></u>	<u><u>5,724</u></u>

See independent auditor's report on the general purpose financial statements.

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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.

**Schedule 29****CITY OF LAWRENCE, KANSAS****Balance Sheets – Bond and Interest Fund**

December 31, 2001  
(With Comparative Amounts for 2000)

<b>Assets</b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Cash	\$ 1,638,780	97,608
Investments	6,358,779	8,014,940
Receivables:		
Taxes	3,834,590	3,336,442
Special assessments	2,940,308	2,938,933
Accounts	179,614	25,305
Accrued interest	<u>49,841</u>	<u>189,713</u>
Total assets	\$ <u><u>15,001,912</u></u>	<u><u>14,602,941</u></u>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Deferred revenue	\$ <u>7,363,842</u>	<u>6,655,915</u>
Total liabilities	<u>7,363,842</u>	<u>6,655,915</u>
Fund balances:		
Reserved for debt service	<u>7,638,070</u>	<u>7,947,026</u>
Total fund balance	<u>7,638,070</u>	<u>7,947,026</u>
Total liabilities and fund balances	\$ <u><u>15,001,912</u></u>	<u><u>14,602,941</u></u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget (Non-GAAP Budgetary Basis) and Actual – Bond and Interest FundYear Ended December 31, 2001  
(With Comparative Actual Amounts for 2000)

	<b>2001</b>		<b>Variance</b>	<b>2000</b>
	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>	<b>Actual</b>
Revenues:				
Taxes	\$ 3,992,063	4,051,783	59,720	3,668,190
Special assessments	583,177	703,422	120,245	767,942
Charges for services	30,000	—	(30,000)	—
Interest	100,000	427,890	327,890	546,963
Intergovernmental	—	—	—	24,482
Miscellaneous	—	320,911	320,911	354,722
Total revenues	<u>4,705,240</u>	<u>5,504,006</u>	<u>798,766</u>	<u>5,362,299</u>
Expenditures:				
Principal retirement	6,225,000	4,046,582	2,178,418	3,954,935
Interest and fiscal charges	<u>2,464,858</u>	<u>1,817,718</u>	<u>647,140</u>	<u>1,472,122</u>
Total expenditures	<u>8,689,858</u>	<u>5,864,300</u>	<u>2,825,558</u>	<u>5,427,057</u>
Excess (deficiency) of revenues over (under) expenditures	(3,984,618)	(360,294)	3,624,324	(64,758)
Other financing sources – operating transfers in	<u>—</u>	<u>51,338</u>	<u>51,338</u>	<u>18,457</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>\$ (3,984,618)</u>	<u>(308,956)</u>	<u>3,675,662</u>	<u>(46,301)</u>
Fund balance, beginning of year		<u>7,947,026</u>		<u>7,993,327</u>
Fund balance, end of year		<u>\$ 7,638,070</u>		<u>7,947,026</u>

See independent auditor's report on the general purpose financial statements.

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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.

## CITY OF LAWRENCE, KANSAS

## Combining Balance Sheet – Enterprise Funds

December 31, 2001

Assets	Water and Sewer	Sanitation	Public Parking	Storm Water Utility	Golf Course	Total
Cash	\$ 1,067,692	333,007	60,301	247,727	115,206	1,823,933
Investments	24,318,197	2,922,752	344,907	1,090,151	99,871	28,775,878
Receivables:						
Accounts (net of allowance of \$78,432)	1,704,499	539,582	16,680	164,140	1,123	2,426,024
Accrued interest	193,107	21,919	2,286	8,109	480	225,901
Due from other funds	270,500	—	—	—	—	270,500
Inventories	555,499	—	—	—	24,383	579,882
Prepaid items	173,448	—	—	—	—	173,448
Restricted cash	310,409	3,267	—	—	—	313,676
Restricted investments	3,474,061	—	—	—	—	3,474,061
Property, plant and equipment	139,208,105	6,641,629	4,848,800	5,551,030	3,888,348	160,137,912
Accumulated depreciation	(30,846,712)	(3,783,573)	(1,679,507)	(445,621)	(739,940)	(37,495,353)
Total assets	<u>\$ 140,428,805</u>	<u>6,678,583</u>	<u>3,593,467</u>	<u>6,615,536</u>	<u>3,389,471</u>	<u>160,705,862</u>
<b>Liabilities and Fund Equity</b>						
Liabilities:						
Accounts payable	\$ 6,018,519	163,842	7,262	19,037	8,184	6,216,844
Accrued interest payable	142,435	—	—	52,386	56,484	251,305
Accrued payroll	172,943	118,618	15,692	12,752	10,513	330,518
Accrued vacation and sick pay	387,457	274,970	35,400	23,117	17,683	738,627
Payable from restricted assets:						
Customer deposits	679,083	3,267	—	—	—	682,350
Current portion of revenue bonds	1,345,000	—	—	—	—	1,345,000
Current portion of general obligation bonds	—	—	—	426,149	145,000	571,149
Estimated claims and judgments payable	3,956	—	—	—	—	3,956
General obligation bonds payable	—	—	—	3,031,402	3,050,000	6,081,402
Revenue bonds payable	10,510,000	—	—	—	—	10,510,000
Notes payable	22,112,277	—	—	—	—	22,112,277
Capital lease payable	—	—	—	—	48,835	48,835
Total liabilities	<u>41,371,670</u>	<u>560,697</u>	<u>58,354</u>	<u>3,564,843</u>	<u>3,336,699</u>	<u>48,892,263</u>
Fund equity:						
Contributed capital	436,117	—	2,114,795	—	167,920	2,718,832
Retained earnings:						
Reserved for revenue bond requirements	3,105,387	—	—	—	—	3,105,387
Unreserved	95,515,631	6,117,886	1,420,318	3,050,693	(115,148)	105,989,380
Total fund equity	<u>99,057,135</u>	<u>6,117,886</u>	<u>3,535,113</u>	<u>3,050,693</u>	<u>52,772</u>	<u>111,813,599</u>
Total liabilities and fund equity	<u>\$ 140,428,805</u>	<u>6,678,583</u>	<u>3,593,467</u>	<u>6,615,536</u>	<u>3,389,471</u>	<u>160,705,862</u>

See independent auditor's report on the general purpose financial statements.



## CITY OF LAWRENCE, KANSAS

Combining Statement of Revenues, Expenses and  
Changes in Retained Earnings – Enterprise Funds

For the Year Ended December 31, 2001

	<b>Water and Sewer</b>	<b>Sanitation</b>	<b>Public Parking System</b>	<b>Storm Water Utility</b>	<b>Golf Course</b>	<b>Total</b>
Operating revenues:						
Charges for services	\$ 21,184,329	6,800,020	601,941	1,875,853	1,055,140	31,517,283
Other sales	128,071	177,858	—	—	—	305,929
Total operating revenues	21,312,400	6,977,878	601,941	1,875,853	1,055,140	31,823,212
Operating expenses:						
Continuing operations	—	6,066,936	578,111	—	817,818	7,462,865
Transmission and distribution	7,706,051	—	—	592,807	—	8,298,858
General administration	1,748,156	—	—	—	—	1,748,156
Depreciation and amortization	3,058,488	546,381	192,349	140,594	226,552	4,164,364
Total operating expenses	12,512,695	6,613,317	770,460	733,401	1,044,370	21,674,243
Operating income (loss)	8,799,705	364,561	(168,519)	1,142,452	10,770	10,148,969
Other income (expense):						
Interest income	1,268,926	127,506	16,063	43,145	8,404	1,464,044
Interest expense and fiscal charges	(875,969)	—	—	(183,642)	(189,198)	(1,248,809)
Gain on sale of fixed assets	3,571	1,256	—	—	—	4,827
Federal and state grant	—	14,700	—	1,800	—	16,500
Other	102,180	67,812	—	32,313	4,008	206,313
Total other income (expense)	498,708	211,274	16,063	(106,384)	(176,786)	442,875
Income (loss) before operating transfers	9,298,413	575,835	(152,456)	1,036,068	(166,016)	10,591,844
Operating transfers:						
Operating transfers out	(754,950)	(128,500)	—	(40,000)	—	(923,450)
Total operating transfers	(754,950)	(128,500)	—	(40,000)	—	(923,450)
Net income (loss)	8,543,463	447,335	(152,456)	996,068	(166,016)	9,668,394
Depreciation on fixed assets acquired by contributions	111,348	—	115,879	—	—	227,227
Increase (decrease) in retained earnings	8,654,811	447,335	(36,577)	996,068	(166,016)	9,895,621
Retained earnings (deficit), beginning of year	89,966,207	5,670,551	1,456,895	2,054,625	50,868	99,199,146
Retained earnings (deficit), end of year	\$ 98,621,018	6,117,886	1,420,318	3,050,693	(115,148)	109,094,767

See independent auditor's report on the general purpose financial statements.

## Schedule 33

## CITY OF LAWRENCE, KANSAS

## Combining Statement of Cash Flows – Enterprise Funds

For the Year Ended December 31, 2001

	Water and Sewer	Sanitation	Public Parking	Storm Water Utility	Golf Course	Total
Cash flows from operating activities						
Operating income (loss)	\$ 8,799,705	364,561	(168,519)	1,142,452	10,770	10,148,969
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	3,058,488	546,381	192,349	140,594	226,552	4,164,364
Other income	102,180	67,812	—	32,313	4,008	206,313
Change in:						
Accounts receivable	(72,566)	20,067	(16,680)	(49,740)	(835)	(119,754)
Inventories of supplies	8,877	—	—	—	(10,518)	(1,641)
Prepaid items	30,044	—	—	—	—	30,044
Due from other funds	(270,500)	—	—	—	—	(270,500)
Accounts payable	4,581,049	88,730	2,935	12,510	(336)	4,684,888
Accrued payroll	11,367	2,522	3,804	341	2,286	20,320
Customer deposits	(11,703)	(1,237)	—	—	—	(12,940)
Accrued vacation and sick pay	60,386	22,586	14,092	6,219	1,479	104,762
Estimated claims and judgments payable	3,956	—	—	—	—	3,956
Total adjustments	7,501,578	746,861	196,500	142,237	222,636	8,809,812
Net cash provided by (used in) operating activities	16,301,283	1,111,422	27,981	1,284,689	233,406	18,958,781
Cash flows from noncapital financing activities						
Operating transfers out	(754,950)	(128,500)	—	(40,000)	—	(923,450)
Grant proceeds	—	14,700	—	1,800	—	16,500
Net cash provided by (used in) noncapital financing activities	(754,950)	(113,800)	—	(38,200)	—	(906,950)
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(30,828,673)	(677,082)	(85,141)	(428,260)	(43,098)	(32,062,254)
Proceeds from sales of capital assets	3,571	1,256	—	—	—	4,827
Proceeds from notes payable	16,660,165	—	—	—	—	16,660,165
Principal payments on debt	(1,285,000)	—	—	(404,295)	(188,835)	(1,878,130)
Interest payments on debt	(928,405)	—	—	(189,683)	(183,270)	(1,301,358)
Net cash used in capital and related financing activities	(16,378,342)	(675,826)	(85,141)	(1,022,238)	(415,203)	(18,576,750)
Cash flows from investing activities						
Receipt of interest and dividends	1,495,855	144,999	16,921	49,668	10,845	1,718,288
Purchases of investments	(70,131,983)	(7,349,922)	(1,127,201)	(3,967,329)	(720,211)	(83,296,646)
Sales of investments	68,488,283	7,123,798	1,087,388	3,672,796	900,695	81,272,960
Net cash provided by (used in) investing activities	(147,845)	(81,125)	(22,892)	(244,865)	191,329	(305,398)
Net increase (decrease) in cash	(979,854)	240,671	(80,052)	(20,614)	9,532	(830,317)
Cash and cash equivalents, beginning of year	2,357,955	95,603	140,353	268,341	105,674	2,967,926
Cash and cash equivalents, end of year	\$ 1,378,101	336,274	60,301	247,727	115,206	2,137,609
Components of cash and cash equivalents at end of year:						
Cash	\$ 1,067,692	333,007	60,301	247,727	115,206	1,823,933
Restricted cash	310,409	3,267	—	—	—	313,676
	\$ 1,378,101	336,274	60,301	247,727	115,206	2,137,609

See independent auditor's report on the general purpose financial statements.

### **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.

## CITY OF LAWRENCE, KANSAS

## Combining Balance Sheet – Internal Service Funds

December 31, 2001

<b>Assets</b>	<b>Central Maintenance</b>	<b>Stores</b>	<b>Health Insurance</b>	<b>Total</b>
Cash	\$ 89,353	16,448	308	106,109
Investments	360,004	—	1,771,912	2,131,916
Receivables:				
Accounts	132,295	—	22,715	155,010
Accrued interest	667	—	17,483	18,150
Inventories	174,953	23,848	—	198,801
Property, plant and equipment	811,980	—	—	811,980
Accumulated depreciation	<u>(666,681)</u>	<u>—</u>	<u>—</u>	<u>(666,681)</u>
Total assets	<u>\$ 902,571</u>	<u>40,296</u>	<u>1,812,418</u>	<u>2,755,285</u>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 18,171	1,442	27,471	47,084
Claims payable	—	—	648,475	648,475
Accrued payroll	21,974	—	—	21,974
Accrued vacation and sick pay	72,517	—	—	72,517
Due to other funds	—	—	26,000	26,000
Deferred revenue	<u>53</u>	<u>—</u>	<u>22,715</u>	<u>22,768</u>
Total liabilities	<u>112,715</u>	<u>1,442</u>	<u>724,661</u>	<u>838,818</u>
Fund Equity:				
Contributed capital	72,168	—	—	72,168
Retained earnings	<u>717,688</u>	<u>38,854</u>	<u>1,087,757</u>	<u>1,844,299</u>
Total fund equity	<u>789,856</u>	<u>38,854</u>	<u>1,087,757</u>	<u>1,916,467</u>
Total liabilities and fund equity	<u>\$ 902,571</u>	<u>40,296</u>	<u>1,812,418</u>	<u>2,755,285</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Combining Statement of Revenues, Expenses and  
Changes in Retained Earnings – Internal Service Funds

For the Year Ended December 31, 2001

	<b>Central Maintenance</b>	<b>Stores</b>	<b>Health Insurance</b>	<b>Total</b>
Operating revenues – charges for services	\$ <u>1,799,203</u>	<u>6,685</u>	<u>3,752,445</u>	<u>5,558,333</u>
Operating expenses:				
Continuing operations	1,772,970	12,282	—	1,785,252
General administration	—	—	480,983	480,983
Health insurance claims	—	—	3,709,046	3,709,046
Depreciation and amortization	<u>41,866</u>	<u>—</u>	<u>—</u>	<u>41,866</u>
Total operating expenses	<u>1,814,836</u>	<u>12,282</u>	<u>4,190,029</u>	<u>6,017,147</u>
Operating income (loss)	<u>(15,633)</u>	<u>(5,597)</u>	<u>(437,584)</u>	<u>(458,814)</u>
Other income:				
Interest income	16,933	—	86,862	103,795
Gain on sale of fixed assets	1,865	—	—	1,865
Other	<u>340</u>	<u>—</u>	<u>—</u>	<u>340</u>
Total other income	<u>19,138</u>	<u>—</u>	<u>86,862</u>	<u>106,000</u>
Income (loss) before operating transfers	3,505	(5,597)	(350,722)	(352,814)
Operating transfers out	<u>(7,000)</u>	<u>—</u>	<u>—</u>	<u>(7,000)</u>
Net income (loss)	(3,495)	(5,597)	(350,722)	(359,814)
Depreciation on fixed assets acquired by contributions	<u>12,714</u>	<u>—</u>	<u>—</u>	<u>12,714</u>
Increase (decrease) in retained earnings	9,219	(5,597)	(350,722)	(347,100)
Retained earnings, beginning of year	<u>708,469</u>	<u>44,451</u>	<u>1,438,479</u>	<u>2,191,399</u>
Retained earnings, end of year	\$ <u><u>717,688</u></u>	<u><u>38,854</u></u>	<u><u>1,087,757</u></u>	<u><u>1,844,299</u></u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

## Combining Statement of Cash Flows – Internal Service Funds

For the Year Ended December 31, 2001

	<b>Central Maintenance</b>	<b>Stores</b>	<b>Health Insurance</b>	<b>Total</b>
Cash flows from operating activities:				
Operating income (loss)	\$ <u>(15,633)</u>	<u>(5,597)</u>	<u>(437,584)</u>	<u>(458,814)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	41,866	—	—	41,866
Other income	340	—	—	340
Change in:				
Accounts receivable	50,087	—	(5,383)	44,704
Inventories of supplies	4,221	4,529	—	8,750
Accounts payable	(5,155)	30	27,471	22,346
Claims payable	—	—	289,354	289,354
Accrued payroll	(93)	—	—	(93)
Accrued vacation and sick pay	8,449	—	—	8,449
Due to other funds	—	—	26,000	26,000
Deferred revenue	—	—	5,383	5,383
Total adjustments	<u>99,715</u>	<u>4,559</u>	<u>342,825</u>	<u>447,099</u>
Net cash provided by (used in) operating activities	<u>84,082</u>	<u>(1,038)</u>	<u>(94,759)</u>	<u>(11,715)</u>
Operating transfers out	<u>(7,000)</u>	<u>—</u>	<u>—</u>	<u>(7,000)</u>
Net cash used in noncapital financing activities	<u>(7,000)</u>	<u>—</u>	<u>—</u>	<u>(7,000)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(28,977)	—	—	(28,977)
Proceeds from sales of capital assets	<u>1,865</u>	<u>—</u>	<u>—</u>	<u>1,865</u>
Net cash used in capital and related financing activities	<u>(27,112)</u>	<u>—</u>	<u>—</u>	<u>(27,112)</u>
Cash flows from investing activities:				
Receipt of interest and dividends	18,387	—	87,607	105,994
Purchases of investments	(1,579,016)	—	(4,694,528)	(6,273,544)
Sales of investments	<u>1,529,188</u>	<u>—</u>	<u>4,493,209</u>	<u>6,022,397</u>
Net cash provided by investing activities	<u>(31,441)</u>	<u>—</u>	<u>(113,712)</u>	<u>(145,153)</u>
Net increase (decrease) in cash	18,529	(1,038)	(208,471)	(190,980)
Cash and cash equivalents, beginning of year	<u>70,824</u>	<u>17,486</u>	<u>208,779</u>	<u>297,089</u>
Cash and cash equivalents, end of year	\$ <u><u>89,353</u></u>	<u><u>16,448</u></u>	<u><u>308</u></u>	<u><u>106,109</u></u>

See independent auditor's report on the general purpose financial statements.

## **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.

*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).

*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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## CITY OF LAWRENCE, KANSAS

## Combining Balance Sheet – Agency and Trust Funds

December 31, 2001

<b>Assets</b>	<b>Agency Funds</b>	<b>Expendable Trust Funds</b>	<b>Nonexpendable Trust Funds</b>	<b>Total</b>
Cash	\$ 201,541	10,949	32,982	245,472
Investments	—	30,022	559,122	589,144
Accrued interest receivable	—	118	3,428	3,546
Restricted assets – cash	<u>93,484</u>	<u>—</u>	<u>—</u>	<u>93,484</u>
Total assets	<u>\$ 295,025</u>	<u>41,089</u>	<u>595,532</u>	<u>931,646</u>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 201,541	—	—	201,541
Payable from restricted assets	<u>93,484</u>	<u>—</u>	<u>—</u>	<u>93,484</u>
Total liabilities	<u>295,025</u>	<u>—</u>	<u>—</u>	<u>295,025</u>
Fund Equity:				
Fund balance/Retained earnings:				
Reserved for cemetery care/housing	—	—	523,000	523,000
Unreserved	<u>—</u>	<u>41,089</u>	<u>72,532</u>	<u>113,621</u>
Total fund equity	<u>—</u>	<u>41,089</u>	<u>595,532</u>	<u>636,621</u>
Total liabilities and fund equity	<u>\$ 295,025</u>	<u>41,089</u>	<u>595,532</u>	<u>931,646</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Combining Statement of Changes in Assets and Liabilities  
All Agency Funds

Year Ended December 31, 2001

	<b>Balance January 1, 2001</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2001</b>
<b>Payroll Clearing</b>				
Assets:				
Cash	\$ 49,205	12,119,167	12,135,424	32,948
Liabilities:				
Accounts payable	\$ 49,205	12,119,167	12,135,424	32,948
<b>Municipal Court</b>				
Assets:				
Cash	\$ 112,806	552,699	527,397	138,108
Restricted assets - cash	129,976	263,531	300,023	93,484
	\$ 242,782	816,230	827,420	231,592
Liabilities:				
Accounts payable	\$ 112,806	552,699	527,397	138,108
Payable from restricted assets	129,976	263,531	300,023	93,484
	\$ 242,782	816,230	827,420	231,592
<b>KPRF</b>				
Assets:				
Restricted assets - investments	\$ 257	12,851	12,803	305
Liabilities:				
Accounts payable	\$ 257	12,851	12,803	305

(Continued)

## CITY OF LAWRENCE, KANSAS

Combining Statement of Changes in Assets and Liabilities  
All Agency Funds, Continued

Year Ended December 31, 2001

<b>Fire Insurance Proceeds Fund</b>	<b>Balance January 1, 2001</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2001</b>
Assets:				
Cash	\$ <u>—</u>	<u>41,686</u>	<u>11,506</u>	<u>30,180</u>
Liabilities:				
Accounts payable	\$ <u>—</u>	<u>41,686</u>	<u>11,506</u>	<u>30,180</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash	\$ 162,268	12,726,403	12,687,130	201,541
Restricted assets - cash	<u>129,976</u>	<u>263,531</u>	<u>300,023</u>	<u>93,484</u>
Total assets	\$ <u>292,244</u>	<u>12,989,934</u>	<u>12,987,153</u>	<u>295,025</u>
Liabilities:				
Accounts payable	\$ 162,268	12,726,403	12,687,130	201,541
Court bonds payable	<u>129,976</u>	<u>263,531</u>	<u>300,023</u>	<u>93,484</u>
Total liabilities	\$ <u>292,244</u>	<u>12,989,934</u>	<u>12,987,153</u>	<u>295,025</u>

See independent auditor's report on the general purpose financial statement

**Schedule 39****CITY OF LAWRENCE, KANSAS****Combining Balance Sheet – All Expendable Trust Funds**

December 31, 2001

<b>Assets</b>	<b>City Parks Memorial</b>	<b>Constant Park Trust</b>	<b>City Band</b>	<b>Total</b>
Cash	\$ 3,334	1,996	5,619	10,949
Investments	20,012	—	10,010	30,022
Receivable – accrued interest	<u>86</u>	<u>—</u>	<u>32</u>	<u>118</u>
Total assets	<u>\$ 23,432</u>	<u>1,996</u>	<u>15,661</u>	<u>41,089</u>
<b>Liabilities and Fund Balance</b>				
Liabilities - unreserved fund balance	<u>\$ 23,432</u>	<u>1,996</u>	<u>15,661</u>	<u>41,089</u>
Total liabilities and fund balance	<u>\$ 23,432</u>	<u>1,996</u>	<u>15,661</u>	<u>41,089</u>

See independent auditor's report on the general purpose financial statements.

**Schedule 40****CITY OF LAWRENCE, KANSAS****Combining Statement of Revenues, Expenditures and Changes in  
Fund Balance – All Expendable Trust Funds**

Year Ended December 31, 2001

	<b><u>City Parks Memorial</u></b>	<b><u>Constant Park Trust</u></b>	<b><u>City Band</u></b>	<b><u>Total</u></b>
Revenues:				
Interest	\$ 796	26	363	1,185
Miscellaneous	<u>2,605</u>	<u>—</u>	<u>3,000</u>	<u>5,605</u>
Total revenues	3,401	26	3,363	6,790
Expenditures – culture and recreation	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess of revenues over expenditures	3,401	26	3,363	6,790
Fund balance, beginning of year	<u>20,031</u>	<u>1,970</u>	<u>12,298</u>	<u>34,299</u>
Fund balance, end of year	<u>\$ 23,432</u>	<u>1,996</u>	<u>15,661</u>	<u>41,089</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

## Combining Balance Sheet – All Nonexpendable Trust Funds

December 31, 2001

<b>Assets</b>	<b>Cemetery Perpetual Care</b>	<b>Cemetery Mausoleum</b>	<b>Housing Trust</b>	<b>Total</b>
Cash	\$ 7,115	943	24,924	32,982
Investments	36,992	3,003	519,127	559,122
Receivable – accrued interest	<u>133</u>	<u>7</u>	<u>3,288</u>	<u>3,428</u>
Total assets	<u>\$ 44,240</u>	<u>3,953</u>	<u>547,339</u>	<u>595,532</u>
<b>Liabilities and Fund Balances</b>				
Fund balances:				
Reserved for cemetery care/housing	\$ 22,000	1,000	500,000	523,000
Unreserved	<u>22,240</u>	<u>2,953</u>	<u>47,339</u>	<u>72,532</u>
Total fund balance	<u>44,240</u>	<u>3,953</u>	<u>547,339</u>	<u>595,532</u>
Total liabilities and fund balances	<u>\$ 44,240</u>	<u>3,953</u>	<u>547,339</u>	<u>595,532</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balance – All Nonexpendable Trust Funds

Year Ended December 31, 2001

	<b>Cemetery Perpetual Care</b>	<b>Cemetery Mausoleum</b>	<b>Housing Trust</b>	<b>Total</b>
Operating revenues:				
Interest	\$ 1,529	79	23,605	25,213
Miscellaneous	<u>1,000</u>	<u>—</u>	<u>—</u>	<u>1,000</u>
Total revenues	2,529	79	23,605	26,213
Expenditures – general maintenance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess of revenues over expenditures	2,529	79	23,605	26,213
Fund balance, beginning of year	<u>41,711</u>	<u>3,874</u>	<u>523,734</u>	<u>569,319</u>
Fund balance, end of year	<u>\$ 44,240</u>	<u>3,953</u>	<u>547,339</u>	<u>595,532</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

## Combining Statement of Cash Flows - All Nonexpendable Trust Funds

For the Year Ended December 31, 2001

	<b>Cemetery Perpetual Care</b>	<b>Cemetery Mausoleum</b>	<b>Housing Trust</b>	<b>Total</b>
Cash flows from operating activities:				
Operating income	\$ 2,529	79	23,605	26,213
Adjustments to reconcile operating income to net cash provided by operating activities – Interest	<u>(1,529)</u>	<u>(79)</u>	<u>(23,605)</u>	<u>(25,213)</u>
Net cash provided by operating activities	<u>1,000</u>	<u>—</u>	<u>—</u>	<u>1,000</u>
Cash flows from investment activities:				
Receipt of interest	1,443	72	23,605	25,120
Purchases of investments	(139,685)	(12,497)	(1,565,604)	(1,717,786)
Sales of investments	<u>122,732</u>	<u>9,494</u>	<u>1,505,730</u>	<u>1,637,956</u>
Net cash provided by (used in) investing activities	<u>(15,510)</u>	<u>(2,931)</u>	<u>(36,269)</u>	<u>(54,710)</u>
Net increase (decrease) in cash	(14,510)	(2,931)	(36,269)	(53,710)
Cash and cash equivalents, beginning of year	<u>21,625</u>	<u>3,874</u>	<u>61,193</u>	<u>86,692</u>
Cash and cash equivalents, end of year	<u>\$ 7,115</u>	<u>943</u>	<u>24,924</u>	<u>32,982</u>

See independent auditor's report on the general purpose financial statements.



**COMPONENT UNITS**

*Lawrence Housing Authority*

*Lawrence Memorial Hospital*

*Lawrence Public Library*

## CITY OF LAWRENCE, KANSAS

## Combining Balance Sheet - Discretely Presented Component Units

December 31, 2001

Assets	Lawrence Housing Authority	Lawrence Memorial Hospital	Lawrence Public Library	Total Component Units
Cash	\$ 502,633	5,429,779	641,651	6,574,063
Investments	2,065,318	7,000,000	42,177	9,107,495
Receivables (net of allowances for uncollectibles of \$2,646,255):				
Accounts	399,358	14,235,640	—	14,634,998
Accrued interest	—	—	1,831	1,831
Inventories	—	456,069	—	456,069
Prepaid items	—	1,355,757	—	1,355,757
Restricted assets - investments	—	12,551,189	—	12,551,189
Property, plant and equipment	10,138,576	45,122,107	1,171,750	56,432,433
Deferred costs	73,196	701,464	—	774,660
Other assets	—	3,345,893	—	3,345,893
Other debits:				
Amount to be provided for retirement of general long-term debt	—	—	56,204	56,204
Total assets	<u>\$ 13,179,081</u>	<u>90,197,898</u>	<u>1,913,613</u>	<u>105,290,592</u>
<b>Liabilities, Equity and Other Credits</b>				
Liabilities:				
Accounts payable	\$ 129,895	3,529,410	23,154	3,682,459
Accrued expenses	116,757	3,034,605	—	3,151,362
Accrued interest payable	—	893,847	—	893,847
Accrued vacation and sick pay	5,002	—	86,634	91,636
Payable from restricted assets				
Customer deposits and court bond payable	79,575	—	—	79,575
Current portion of revenue bonds	—	1,494,776	—	1,494,776
Revenue bonds payable	—	29,298,210	—	29,298,210
Capital lease payable	—	1,899,527	—	1,899,527
Net pension obligation	—	3,263,334	—	3,263,334
Deferred revenue	5,458	—	—	5,458
Total liabilities	<u>336,687</u>	<u>43,413,709</u>	<u>109,788</u>	<u>43,860,184</u>
Equity and other credits:				
Contributed capital	9,451,422	—	—	9,451,422
Investment in general fixed assets	—	—	1,171,750	1,171,750
Retained earnings-unreserved	3,390,972	46,784,189	—	50,175,161
Fund balance - unreserved	—	—	632,075	632,075
Total equity and other credits	<u>12,842,394</u>	<u>46,784,189</u>	<u>1,803,825</u>	<u>61,430,408</u>
Total liabilities, equity and other credits	<u>\$ 13,179,081</u>	<u>90,197,898</u>	<u>1,913,613</u>	<u>105,290,592</u>

See independent auditor's report on the general purpose financial statements

## CITY OF LAWRENCE, KANSAS

Combining Statement of Revenues, Expenses and Changes in Retained Earnings -  
Proprietary Fund Type Component Units

For the Year Ended December 31, 2001

	<b>Enterprise Funds</b>		
	<b>Lawrence Housing Authority</b>	<b>Lawrence Memorial Hospital</b>	<b>Total Component Units</b>
Operating revenues:			
Charges for services	\$ 5,255,369	82,199,134	87,454,503
Other sales	498,014	991,452	1,489,466
Total operating revenues	5,753,383	83,190,586	88,943,969
Operating expenses:			
Continuing operations	4,434,427	73,622,289	78,056,716
Depreciation and amortization	358,498	5,426,544	5,785,042
Total operating expenses	4,792,925	79,048,833	83,841,758
Operating income (loss)	960,458	4,141,753	5,102,211
Other income (expense):			
Interest income	59,113	1,141,837	1,200,950
Interest expense and fiscal charges	—	(1,973,078)	(1,973,078)
Loss on sale of fixed assets	(2,561)	—	(2,561)
Other items	—	(714,318)	(714,318)
Total other income (expense)	56,552	(1,545,559)	(1,489,007)
Net income	1,017,010	2,596,194	3,613,204
Retained earnings/fund balance, beginning of year	11,825,384	44,187,995	56,013,379
Retained earnings/fund balance, end of year	\$ 12,842,394	46,784,189	59,626,583

See independent auditor's report on the general purpose financial statements.

## CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows - Proprietary Fund Type  
Component Units

For the Year Ended December 31, 2001

	<b>Enterprise Funds</b>		<b>Total Component Units</b>
	<b>Lawrence Housing Authority</b>	<b>Lawrence Memorial Hospital</b>	
Cash flows from operating activities:			
Operating income (loss)	\$ 960,458	4,141,753	5,102,211
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	358,498	5,426,544	5,785,042
Other items	—	(714,318)	(714,318)
Change in:			
Accounts receivable	88,922	1,194,298	1,283,220
Inventories of supplies	—	6,473	6,473
Prepaid items	—	(612,300)	(612,300)
Other assets	—	1,081,381	1,081,381
Accounts payable	(44,762)	595,793	551,031
Customer deposits	(11,743)	—	(11,743)
Accrued vacation and sick pay	(37,930)	—	(37,930)
Accrued expenses	53,604	(54,397)	(793)
Deferred costs	(9,502)	50,403	40,901
Net pension obligation	—	873,469	873,469
Deferred revenue	(273,507)	—	(273,507)
Total adjustments	123,580	7,847,346	7,970,926
Net cash provided by (used in) operating activities	1,084,038	11,989,099	13,073,137
Cash flows from noncapital financing activities:			
Grant proceeds	—	—	—
Net cash used in noncapital financing activities	—	—	—
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(636,960)	(4,672,481)	(5,309,441)
Proceeds from sales of capital assets	(2,561)	3,384	823
Principal payments on debt	—	(1,487,701)	(1,487,701)
Interest payments on debt	—	(1,918,400)	(1,918,400)
Net cash used in capital and related financing activities	\$ (639,521)	(8,075,198)	(8,714,719)

(continued)

## CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows - Proprietary Fund Type  
Component Units, Continued

For the Year Ended December 31, 2001

	<b>Enterprise Funds</b>		<b>Total Component Units</b>
	<b><u>Lawrence Housing Authority</u></b>	<b><u>Lawrence Memorial Hospital</u></b>	<b><u>          </u></b>
Cash flows from investment activities:			
Receipt of interest and dividends	\$ 59,113	1,112,980	1,172,093
Change in investments	<u>(2,065,318)</u>	<u>(3,326,712)</u>	<u>(5,392,030)</u>
Net cash provided by (used in) investing activities	<u>(2,006,205)</u>	<u>(2,213,732)</u>	<u>(4,219,937)</u>
Net increase (decrease) in cash	(1,561,688)	1,700,169	138,481
Cash and cash equivalents, beginning of year	<u>2,064,321</u>	<u>3,729,610</u>	<u>5,793,931</u>
Cash and cash equivalents, end of year	<u><u>\$ 502,633</u></u>	<u><u>5,429,779</u></u>	<u><u>5,932,412</u></u>

See independent auditor's report on the general purpose financial statements.

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## **STATISTICAL SECTION**

Table 1

## CITY OF LAWRENCE, KANSAS

## General Governmental Expenditures by Function (1)

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>General</u> <u>Government</u>	<u>Public</u> <u>Safety</u>	<u>Public</u> <u>Works</u>	<u>Health</u>	<u>Social</u> <u>Services (2)</u>	<u>Culture</u> <u>and</u> <u>Recreation</u>	<u>Tourism</u>	<u>Airport</u>	<u>Capital</u> <u>Outlay</u>	<u>Debt</u> <u>Service</u>	<u>Total</u>
1992	\$ 4,547,248	\$ 8,841,399	\$ 3,818,642	\$ 386,717	\$ 271,303	\$ 4,344,327	\$ 285,186	\$ 57,212	\$ 1,107,668	\$ 4,112,708	\$ 27,772,410
1993	4,278,328	8,727,951	4,191,760	952,891	280,278	2,630,487	320,000	54,218	1,064,656	3,563,190	26,063,759
1994	3,645,758	9,950,244	3,996,532	853,868	1,152,267	2,793,890	323,718	55,912	2,418,191	3,751,373	28,941,753
1995	4,085,600	10,870,141	4,072,699	983,610	3,949,855	2,868,026	348,592	60,699	4,960,200	4,120,208	36,319,630
1996	4,320,031	11,721,579	4,282,564	1,064,986	5,691,592	3,085,206	353,455	57,406	3,756,090	4,948,837	39,281,746
1997	5,619,976	13,822,621	4,738,153	893,561	4,926,671	3,307,316	428,369	62,995	4,300,420	6,701,911	44,801,993
1998	6,250,441	14,658,202	4,607,114	1,302,686	5,617,675	3,710,518	431,557	45,959	4,325,993	7,506,654	48,456,799
1999	6,940,177	14,931,935	4,768,079	1,469,277	1,847,584	4,036,175	485,027	52,107	4,120,125	6,832,829	45,483,315
2000	8,054,696	16,002,552	5,286,767	1,110,069	2,195,975	4,248,389	460,605	81,876	4,842,928	7,295,206	49,579,063
2001	13,373,484	17,360,889	5,715,798	1,200,890	2,055,147	5,141,485	443,181	79,691	3,913,454	7,964,760	57,248,779

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Includes Lawrence Housing Authority from 1995-1998, excludes it in other years..



Table 2

## CITY OF LAWRENCE, KANSAS

## General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Unaudited

Year	Taxes	Licenses and Permits	Inter- govern- mental (2)	Special Assessments	Charges for Services	Fines and Forfeitures	Interest	Miscellaneous Revenues	Total
1992	\$ 16,572,113	\$ 367,597	\$ 6,150,309	\$ 1,225,725	\$ 968,503	\$ 996,489	\$ 669,586	\$ 245,580	\$ 27,195,902
1993	18,417,058	416,335	6,038,011	1,073,453	937,177	949,685	698,201	294,799	28,824,719
1994	20,148,469	616,420	6,258,187	935,491	1,024,299	856,312	703,555	355,876	30,898,609
1995	21,382,979	496,153	14,654,866	1,043,432	1,626,418	707,562	1,318,666	946,177	42,176,253
1996	21,298,624	671,309	16,053,548	983,359	1,703,456	857,320	1,345,896	545,758	43,459,270
1997	22,269,525	535,278	17,169,515	943,073	3,819,842	971,397	1,672,692	556,052	47,937,374
1998	23,616,905	614,569	17,389,127	1,077,723	3,986,051	1,053,438	1,885,404	1,154,721	50,777,938
1999	24,812,688	660,835	14,053,307	815,907	3,062,775	1,346,049	1,760,503	1,116,488	47,628,552
2000	27,184,160	593,385	15,474,675	767,942	3,306,559	1,366,765	2,470,106	1,032,534	52,196,126
2001	28,871,331	675,677	19,453,270	703,422	4,132,558	1,437,216	1,783,799	1,176,540	58,233,813

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Includes County-wide sales tax from 1995-2000 and Lawrence Housing Authority from 1995-1998

**Table 3****CITY OF LAWRENCE, KANSAS****General Governmental Tax Revenues by Source (1)**

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Vehicle Tax</u>	<u>Payment- in-lieu</u>	<u>Total</u>
1992	\$ 7,188,194	\$ 6,321,977	\$ 1,732,649	\$ 1,157,328	\$ 171,965	\$ 16,572,113
1993	7,641,889	7,280,749	2,059,344	1,314,003	121,073	18,417,058
1994	8,102,991	7,918,138	2,423,466	1,461,643	242,231	20,148,469
1995	8,654,079	8,596,944	2,448,127	1,548,682	135,147	21,382,979
1996	8,130,026	8,635,425	2,819,752	1,595,138	118,283	21,298,624
1997	8,732,520	9,126,141	2,921,599	1,369,012	120,253	22,269,525
1998	9,476,465	9,781,233	2,922,099	1,341,665	95,443	23,616,905
1999	10,228,830	10,190,751	2,852,957	1,449,320	90,830	24,812,688
2000	11,844,455	10,660,961	3,247,604	1,364,778	66,362	27,184,160
2001	12,773,484	10,997,729	3,466,443	1,528,257	105,418	28,871,331

(1) Includes General, Special Revenue and Debt Service Funds.

Table 4

## CITY OF LAWRENCE, KANSAS

## Property Tax Levies and Collections (1)

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collection to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
1992	\$ 7,433,058	\$ 7,073,603	95.16 %	\$ 114,591	\$ 7,188,194	96.71 %	\$ 896,409	12.06 %
1993	7,648,979	7,427,851	97.11	214,038	7,641,889	99.91	903,499	11.82
1994	8,138,455	7,963,487	97.85	139,504	8,102,991	99.56	938,963	11.54
1995	8,749,132	8,511,302	97.28	142,777	8,654,079	98.91	534,016	6.10
1996	8,160,690	7,939,468	97.29	190,558	8,130,026	99.62	564,680	6.92
1997	8,807,831	8,602,435	97.67	130,085	8,732,520	99.14	639,991	7.27
1998	9,557,471	9,337,045	97.69	139,420	9,476,465	99.15	720,997	7.54
1999	10,377,742	10,111,307	97.43	256,943	10,228,830	98.57	869,909	8.38
2000	12,143,963	11,688,149	96.25	156,306	11,844,455	97.53	1,169,417	9.63
2001	13,038,707	12,545,282	96.22	228,202	12,773,484	97.97	1,434,640	11.00

(1) General, Special Revenue and Debt Service Funds; does not include motor vehicle tax.

Table 5

## CITY OF LAWRENCE, KANSAS

Assessed and Estimated Actual Value of Property

Last Ten Fiscal Years

Unaudited

Year	Real Property		Personal Property (1)		State Assessed		Total		Ratio of Assessed to Fair Market Value
	Assessed Value	Estimated Fair Market Value	Assessed Value	Estimated Fair Market Value	Assessed Value	Estimated Fair Market Value	Assessed Value	Estimated Fair Market Value	
1992	\$ 237,584,475	\$ 1,827,572,885	\$ 19,767,490	\$ 109,819,389	\$ 14,263,054	\$ 47,543,513	\$ 271,615,019	\$ 1,984,935,787	13.7 %
1993	242,414,200	1,842,224,612	26,041,830	113,434,493	17,521,947	48,975,895	285,977,977	2,004,635,000	14.1 %
1994	265,475,125	1,899,457,229	29,224,185	120,448,190	17,374,560	52,650,182	312,073,870	2,072,551,601	15.1 %
1995	306,634,405	2,200,816,704	31,905,265	131,052,435	17,755,345	53,804,076	356,295,015	2,385,673,215	14.9 %
1996	331,776,560	2,375,848,803	37,404,345	153,208,295	18,670,148	55,889,424	387,851,053	2,584,946,522	15.0 %
1997	360,067,050	2,581,012,295	41,742,335	171,013,733	19,709,636	59,128,908	421,519,021	2,811,154,936	15.0 %
1998	396,254,275	2,844,811,518	44,139,690	180,835,431	18,855,954	56,567,862	459,249,919	3,082,214,811	15.0 %
1999	430,724,410	3,093,617,130	49,302,310	197,209,240	18,637,210	55,911,630	498,663,930	3,346,738,000	15.0 %
2000	469,852,465	3,374,649,282	56,523,350	226,093,400	19,076,106	57,228,318	545,451,921	3,657,971,000	14.9 %
2001	516,933,790	3,712,804,281	58,430,000	233,720,000	20,607,464	61,822,392	595,971,254	4,008,346,673	14.9 %

(1) Excludes motor vehicles.

Table 6

## CITY OF LAWRENCE, KANSAS

Property Tax Rates – Direct and Overlapping Governments

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>City of Lawrence</u>			<u>Douglas County</u>			<u>School District</u>			<u>State of Kansas</u>	<u>Total</u>
	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total City Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total County Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total School Millage</u>		
1992	18.39	9.77	28.16	26.07	3.85	29.92	45.50	2.77	48.27	1.50	107.85
1993	19.69	8.77	28.46	25.60	4.22	29.82	48.97	7.97	56.94	1.50	116.72
1994	19.59	8.44	28.03	25.54	4.34	29.88	53.24	6.78	60.02	1.50	119.43
1995	14.34	8.44	22.78	23.83	1.69	25.52	56.81	13.29	70.10	1.50	119.88
1996	14.18	8.49	22.67	21.62	3.57	25.19	56.08	11.51	67.59	1.50	116.95
1997	14.76	7.91	22.67	22.02	2.64	24.66	52.27	10.09	62.36	1.50	111.19
1998	15.87	6.73	22.60	22.82	3.02	25.84	39.33	9.17	48.50	1.50	98.43
1999	17.69	6.67	24.35	22.24	2.38	24.62	43.47	11.05	54.52	1.50	104.99
2000	17.15	6.75	23.90	24.32	0.00	24.32	39.61	12.17	51.78	1.50	101.51
2001	17.61	7.12	24.73	24.51	3.38	27.89	45.70	9.64	55.34	1.50	109.46

Table 7

## CITY OF LAWRENCE, KANSAS

Principal Taxpayers

December 31, 2001

Unaudited

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
K-Mart Warehouse	District Warehouse	\$ 9,020,045	1.51 %
Southwestern Bell	Telephone Utility	8,563,971	1.44
Western Resources	Electric Utility	8,395,838	1.41
Hallmark Cards, Inc.	Card Manufacturer	4,660,505	0.78
Lawrence Paper Co.	Paper Manufacturer	4,276,105	0.72
Oread Labs	Research Lab	4,153,795	0.70
Packer Ware	Plastics Manufacturer	3,874,045	0.65
NCS	Computer Services	3,221,480	0.54
King Radio (Honeywell)	Electronics	2,545,905	0.43
Lawrence Technology	Electronics	<u>2,454,055</u>	<u>0.41</u>
Total		\$ <u><u>51,165,744</u></u>	<u><u>8.59</u></u> %

Source: Douglas County Clerk.

**Table 8**

**CITY OF LAWRENCE, KANSAS**

Special Assessment Billings and Collections

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>Special Assessments Due</u>	<u>Special Assessments Collected (1)</u>
1992	\$ 1,094,381	\$ 1,225,725
1993	888,792	1,073,453
1994	794,580	935,491
1995	665,300	1,043,432
1996	849,271	983,359
1997	807,215	943,073
1998	748,125	1,077,723
1999	520,620	815,907
2000	594,530	767,942
2001	583,177	703,422

(1) Includes prepayments and foreclosures.

**CITY OF LAWRENCE, KANSAS**

**Table 9**

Computation of Legal Debt Margin

December 31, 2001

Unaudited

Assessed value – January 1, 2001	\$ <u>660,853,207</u>
Debt limitation (1)	\$ <u>198,255,962</u>
Total bonded debt (including notes)	89,320,000
Less revenue bonds	<u>11,855,000</u>
Total debt applicable to limitation	<u>77,465,000</u>
Legal debt margin	\$ <u>120,790,962</u>

(1) Debt limitation is 30% of assessed value



Table 10

## CITY OF LAWRENCE, KANSAS

Ratio of Net General Obligation Bonded Debt to Assessed  
Value and Net General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

Unaudited

<b>Year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt (3)</b>	<b>Less Debt Service Fund</b>	<b>Debt Payable From Enterprise Revenue</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Per Capita</b>
1992	65,608	\$ 271,615	\$ 23,415,000	\$ 1,087,132	\$ 2,825,000	\$ 19,502,868	7.18 %	\$ 297.26
1993	69,203	285,978	28,380,000	1,990,300	6,915,000	19,474,700	6.81	281.41
1994	71,316	312,074	27,360,000	2,461,555	8,935,000	15,963,445	5.12	223.84
1995	74,784	356,295	28,270,000	3,114,847	6,840,000	18,315,153	5.14	244.91
1996	77,325	387,851	56,305,000	3,969,175	11,585,000	40,750,825	11.53	578.34
1997	79,190	421,519	63,250,000	5,078,420	16,620,000	41,551,580	9.86	524.71
1998	80,843	459,250	62,770,000	6,135,157	15,515,000	41,119,843	8.95	508.64
1999	81,560	498,664	65,605,000	7,993,327	14,360,000	43,251,673	8.67	530.30
2000	80,098	545,452	77,340,000	7,947,026	13,140,000	56,252,974	10.31	525.26
2001	83,495	595,971	74,470,000	7,638,070	11,855,000	54,976,930	9.22	658.45

(1) Census Bureau estimates 2000; other years are Planning Department estimates or previous census figure.

(2) Amounts expressed in thousands.

(3) City of Lawrence only - excludes Lawrence Memorial Hospital and bond anticipation notes.

Table 11

## CITY OF LAWRENCE, KANSAS

Ratio of Annual Debt Service Expenditures for General  
Obligation Bonded Debt to Total General Governmental Expenditures

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>Principal (1)</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
1992	\$ 3,023,000	\$ 1,027,212	\$ 4,050,212	\$ 27,772,410	14.58 %
1993	2,540,000	1,023,190	3,563,190	26,063,759	13.67
1994	2,755,000	996,373	3,751,373	28,941,753	12.96
1995	2,800,000	978,677	3,778,677	36,419,630	10.38
1996	3,345,000	1,260,859	4,605,859	39,281,746	11.73
1997	3,920,000	2,422,431	6,342,431	44,801,993	14.16
1998	4,700,000	2,487,997	7,187,997	48,456,799	14.83
1999	5,030,000	2,639,541	7,669,541	45,483,315	16.86
2000	10,530,000	2,681,114	13,211,114	49,579,063	16.58
2001	5,845,000	3,127,268	8,972,268	57,248,779	15.67

(1) Includes Principal and Interest payments made from Enterprise Funds

(2) Includes General, Special Revenue and Debt Service Funds.

Table 12

## CITY OF LAWRENCE, KANSAS

Computation of Direct and Overlapping Bonded Debt –  
General Obligation Bonds

December 31, 2001

Unaudited

<u>Jurisdiction</u>	<u>Bond Issues Outstanding</u>	<u>Amount Available in Debt Service Fund</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Direct – City of Lawrence	\$ 62,615,000	\$ 7,638,070	\$ 54,976,930	100 %	\$ 54,976,930
Overlapping:					
Douglas County	30,150,000	405,493	29,744,507	75	22,159,658
Unified School District No. 497	<u>65,515,000</u>	<u>1,574,089</u>	<u>63,940,911</u>	86	<u>54,797,361</u>
	<u>\$ 158,280,000</u>	<u>9,617,652</u>	<u>148,662,348</u>		<u>\$ 131,933,948</u>

Table 13

## CITY OF LAWRENCE, KANSAS

## Revenue Bond Coverage – Water and Sewer Fund

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>Operating Revenue</u>	<u>Operating Expenses</u>	<u>Net Revenue Available For Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1992	\$ 10,018,413	\$ 6,892,542	\$ 3,125,871	\$ 795,000	\$ 240,395	\$ 1,035,395	3.02 %
1993	10,602,277	7,538,587	3,063,690	1,070,000	373,217	1,443,217	2.12
1994	12,554,587	7,633,546	4,921,041	1,610,000	426,823	2,036,823	2.42
1995	13,498,613	8,803,717	4,694,896	1,520,000	420,654	1,940,654	2.42
1996	14,349,648	8,910,558	5,439,090	1,645,000	464,733	2,109,733	3.88
1997	15,456,466	9,618,109	5,838,357	1,290,000	806,524	2,096,524	2.78
1998	17,564,406	10,222,628	7,341,778	1,105,000	874,335	1,979,335	3.71
1999	19,420,407	10,937,931	8,482,476	1,155,000	878,794	2,033,794	4.17
2000	20,886,254	11,564,734	9,321,520	1,220,000	901,286	2,121,286	4.39
2001	21,312,400	12,512,695	8,799,705	1,285,000	874,322	2,159,322	4.08

Table 14

## CITY OF LAWRENCE, KANSAS

## Demographic Statistics

## Last Ten Fiscal Years

## Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
1992	67,254	\$ 11,760	24.70	9,135	3.2
1993	69,203	11,760	24.70	9,367	5.1
1994	71,316	11,760	24.70	9,624	5.4
1995	74,784	11,760	24.70	9,710	4.7
1996	77,325	11,760	24.70	9,957	4.9
1997	79,190	11,760	24.70	10,136	4.2
1998	80,843	11,760	24.70	10,253	4.4
1999	81,560	11,760	24.70	10,371	3.2
2000	80,098	11,760	25.30	10,329	3.6
2001	83,495	11,760	25.30	10,273	4.4

## Data Sources:

- (1) Planning Department estimates, except 2000 which is from the 2000 census
- (2) 1990 Per Capita Income Estimates for Counties and Incorporated Places from 1990
- (3) census.  
1990 Census of Population General Population Characteristics except 2000 and
- (4) 2001 which are from U.S. Census Bureau 2000 census
- (5) Headcount Enrollment, Kansas Public Schools, Kansas State Department of Education.  
Kansas Department of Human Resources: Research and Analysis.

Table 15

## CITY OF LAWRENCE, KANSAS

## Property Value and Construction

## Last Ten Fiscal Years

## Unaudited

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>State Assessed Property</u>	<u>Total Property Value</u>	<u>New Construction-Number of Units</u>				<u>Valuation Building Permits</u>
					<u>Commercial</u>	<u>Multi- family</u>	<u>Duplex</u>	<u>Single Family</u>	
1992	\$ 237,584,475	\$ 19,767,490	\$ 14,263,054	\$ 271,615,019	18	96	79	452	\$ 73,704,381
1993	242,414,200	26,041,830	17,521,947	285,977,977	31	246	78	389	103,511,159
1994	265,475,125	29,224,185	17,374,560	312,071,870	27	442	77	486	122,806,816
1995	306,634,405	31,905,265	17,755,345	356,295,015	33	184	55	356	96,513,808
1996	331,776,560	37,404,345	18,670,148	387,851,053	52	972	122	338	167,505,304
1997	360,067,050	41,742,335	19,709,636	421,519,021	46	89	37	346	127,422,684
1998	396,254,275	44,139,690	18,855,954	459,249,919	26	33	75	360	141,064,963
1999	430,724,410	49,302,310	18,637,210	498,663,930	38	195	62	392	149,742,874
2000	469,852,465	56,523,350	19,076,106	545,451,921	37	236	46	305	175,039,978
2001	516,933,790	58,430,000	20,607,464	595,971,254	48	302	168	308	152,209,259

Table 16

## CITY OF LAWRENCE, KANSAS

## Miscellaneous Statistics

December 31, 2001

Unaudited

Date Chartered	1858	<b>Sewerage System</b>	
Form of Government	Commission - Manager	Mile of Sanitary Sewers	315
Number of Employees	774	Number of Treatment Plants	1
Area in Square Miles	23.75	Number of Service Connections	24,820
		Actual Daily Average of Treatment	8.9 MGD *
		Number of Lift Stations	40
			*(MGD= Million Gallons Daily)
<b>City of Lawrence Facilities and Services</b>		<b>Water System</b>	
Miles of Streets	275	Number of Water Plants	2
<b>Culture and Recreation</b>		Miles of Water Mains	355
Recreation Centers	5	Number of Service Connections	27,850
Parks	35	Number of City Owned Fire Hydrants	2,350
Park Acreage	3,398	Daily Average Consumption in Million Gallon	11.6
Tennis Courts	18	Maximum Daily Capacity of Plant in Million Gallon	27.5
<b>Fire Protection</b>		<b>Libraries</b>	
Number of Stations	4	Public Libraries	1
Number of Firefighters and Officers	140	Number of volumes (approximately)	215,500
Number of Fire Calls Answered	1,959	<b>Facilities and Services Not Included in the Reporting Entity</b>	
Number of Medical Calls Answered	6,612	<b>Education</b>	
Number of Medical Transports	4,355	Number of Public Elementary Schools	19
Number of Inspections Conducted	2,685	Number of Public Elementary School Instructors	470
<b>Police Protection</b>		Number of Public Secondary Schools	6
Number of Stations	2	Number of Public Secondary School Instructors	394
Number of Commissioned Police Officers	138	Number of Universities	2
Number of Full Time Civilians	25	<b>Hospitals</b>	
Number of Patrol Units	23	Number of Hospitals	1
Number of Calls for Service	107,856	Number of Patient Beds	167
Arrests Processed through County Jail	2,624		
Officer Issued Traffic Violations	19,675		
Officer Issued Parking Violations	15,519		

# **SINGLE AUDIT SECTION**



**LOWENTHAL SINGLETON WEBB & WILSON**  
P R O F E S S I O N A L   A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301  
Lawrence, Kansas 66044-2868  
Phone: (785) 749-5050  
Fax: (785) 749-5061  
E-mail: lswwcpa@lswwcpa.com

David A. Lowenthal, CPA  
Thomas E. Singleton, CPA  
Patricia L. Webb, CPA  
Thomas G. Wilson, CPA

Kenneth R. Hite, CPA  
Mary A. LeGresley, CPA  
Audrey M. Odermann, CPA

Members of American Institute  
and Kansas Society of  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Mayor and City Commissioners  
City of Lawrence, Kansas

We have audited the general purpose financial statements of the City of Lawrence, Kansas, as of and for the year ended December 31, 2001, and have issued our report thereon dated April 30, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under "Government Auditing Standards".

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Mayor and City Commission, management and awarding agencies and should not be used by anyone other than these specified parties.

*Lowenthal, Singleton, Webb & Wilson*

Professional Association

April 30, 2002

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**LOWENTHAL SINGLETON WEBB & WILSON**  
P R O F E S S I O N A L   A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301  
Lawrence, Kansas 66044-2868  
Phone: (785) 749-5050  
Fax: (785) 749-5061  
E-mail: lswwcpa@lswwcpa.com

David A. Lowenthal, CPA  
Thomas E. Singleton, CPA  
Patricia L. Webb, CPA  
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**INDEPENDENT AUDITOR'S REPORT**

Mayor and City Commissioners  
City of Lawrence, Kansas

**Compliance**

We have audited the compliance of the City of Lawrence, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2001. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance 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 OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Lawrence, Kansas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2001.

**Internal Control Over Compliance**

The management of the City of Lawrence, Kansas is responsible for establishing and maintaining effective internal control over compliance with requirements of law, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Mayor and City Commission, management and awarding agencies and should not be used by anyone other than these specified parties.

*Howenthal, Singleton, Webb & Wilson*

Professional Association

April 30, 2002

**CITY OF LAWRENCE, KANSAS**  
**Schedule of Expenditures of Federal Awards**  
**December 31, 2001**

Federal Grantor Agency Pass-Through Grantor / Program Name	Federal CFDA Number	Grant Program Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<b>Direct Assistance</b>			
Community Development Block Grant/ Entitlement Grants	14.218	B-99-MC-20-0005	\$ 133,690
Community Development Block Grant/ Entitlement Grants	14.218	B-00-MC-20-0005	928,548
			<u>1,062,238</u>
Home - Investment Partnerships Program	14.239	M-99-MC-20-0205	223,201
Home - Investment Partnerships Program	14.239	M-00-MC-20-0205	488,838
			<u>712,039</u>
* Fair Housing Assistance - State & Local (99)	14.401	FF207K997001	85,810
			<u>85,810</u>
<b>KS Department of Commerce and Housing</b>			
Emergency Shelter Grant (00)	14.231	S-00-DC-20-0001	53,882
			<u>53,882</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>1,913,969</u></b>
<b>U. S. Department of Transportation</b>			
<b>Federal Transportation Administration</b>			
Federal Transit Formula Grant	20.507	KS-90-X073-00	41,878
Federal Transit Formula Grant	20.507	KS-90-X077-00	1,286
Federal Transit Formula Grant	20.507	KS-90-X079-00	6,113
Federal Transit Formula Grant	20.507	KS-90-X080-00	3,067,735
Federal Transit Formula Grant	20.507	KS-90-X087-00	250,464
FAA/Airport Improvement Project Grant		69AA3052	2,545,980
			<u>5,913,456</u>
<b>KS Department of Transportation</b>			
00 Section 5303 Grant	20.507	00-FTA-5303	2,478
01 Section 5303 Grant	20.507	01-FTA-5307	21,952
Transportation Planning Grant (00)	20.205	00 P.L. Contract Funds	41,708
Transportation Planning Grant (01)	20.205	01 P.L. Contract Funds	56,011
			<u>122,149</u>
<b>Kansas Department of Wildlife and Parks</b>			
* Recreational Trails Program	20.219	NR5-001-4	88,204
* Recreational Trails Program	20.219	NR6-001-7	187,500
			<u>275,704</u>
<b>Total Department of Transportation</b>			<b><u>6,311,309</u></b>
<b>U.S. Department of Justice</b>			
<b>Direct Assistance</b>			
* Local Law Enforcement Block Grant (00)	16.592	00-LBVX-2456	46,581
			<u>46,581</u>
<b>Total Department of Justice</b>			<b><u>46,581</u></b>
<b>Total Federal Awards Expenditures</b>			<b>\$ <u>8,271,859</u></b>

\* Non-Expenditure Driven Grants. \* = Represents grant money received by the City of Lawrence December 31, 2001. All other grants are expenditure driven.

# CITY OF LAWRENCE, KANSAS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2001

### Section I -- Summary of Auditor's Results

- |                                      |   |                            |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
|--------------------------------------|---|----------------------------|--------------------|----------------------------|--------------------------------------|--------|-----------|-------------------------------|--------|-----------|---------------------------------|-----|-----------|--|
| 1.                                   | Type of report issued on financial statements:  | <u>Unqualified</u>         |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 2.                                   | Reportable conditions in internal control over the financial statements:  | <u>No</u>                  |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 3.                                   | Were any reportable conditions noted in 2 above reported as a material weakness:  | <u>None Reported</u>       |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 4.                                   | Material noncompliance disclosed:   | <u>No</u>                  |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 5.                                   | Reportable conditions in internal controls over major programs:   | <u>No</u>                  |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 6.                                   | Were any reportable conditions noted in 5 above reported at materials weakness:   | <u>None Reported</u>       |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 7.                                   | Type of report on major program compliance:   | <u>Unqualified</u>         |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 8.                                   | Audit disclosed audit findings required to be reported under Circular A-133 paragraph 510 (a):  | <u>No</u>                  |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 9.                                   | Major Programs:   |                            |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
|                                      | <table border="0"> <tr> <td><b><u>Programs</u></b></td> <td><b><u>CFDA</u></b></td> <td><b><u>Expenditures</u></b></td> </tr> <tr> <td>Home-Investments Partnership Program</td> <td>14.239</td> <td>\$712,039</td> </tr> <tr> <td>Federal Transit Formula Grant</td> <td>20.507</td> <td>3,067,735</td> </tr> <tr> <td>FAA Airport Improvement Project</td> <td>N/A</td> <td>2,545,980</td> </tr> </table> | <b><u>Programs</u></b>     | <b><u>CFDA</u></b> | <b><u>Expenditures</u></b> | Home-Investments Partnership Program | 14.239 | \$712,039 | Federal Transit Formula Grant | 20.507 | 3,067,735 | FAA Airport Improvement Project | N/A | 2,545,980 |  |
| <b><u>Programs</u></b>               | <b><u>CFDA</u></b>  | <b><u>Expenditures</u></b> |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| Home-Investments Partnership Program | 14.239  | \$712,039                  |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| Federal Transit Formula Grant        | 20.507  | 3,067,735                  |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| FAA Airport Improvement Project      | N/A   | 2,545,980                  |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 10.                                  | Threshold used to distinguish between Type A and Type B programs:   | <u>\$300,000</u>           |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |
| 11.                                  | Auditee qualified as a low-risk auditee:  | <u>No</u>                  |                    |                            |                                      |        |           |                               |        |           |                                 |     |           |  |

### Section II -- Financial Statement Findings

None Noted

### Section III -- Financial Award Findings and Questioned Costs

None Noted