

# **CITY OF LAWRENCE, KANSAS**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2003**

**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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## **CITY OF LAWRENCE, KANSAS**

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## **INTRODUCTORY SECTION**



MIKE RUNDLE, MAYOR  
COMMISSIONERS  
DENNIS "BOOG" HIGHBERGER  
DAVID M. DUNFIELD  
SUE HACK  
DAVID M. SCHAUNER

# City of Lawrence K A N S A S

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MIKE WILDGEN, CITY  
MANAGER

April 30, 2004

To the Citizens of Lawrence:

The Comprehensive Annual Financial Report (CAFR) of the City of Lawrence for the year ended December 31, 2003 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. Unless waived by the local government, Kansas Statutes require that the financial statements be presented in conformance with generally accepted accounting principles (GAAP) and be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The report consists of management's representations concerning the finances of the City of Lawrence. The City has established a comprehensive set of internal controls that is designed to protect the government's assets from loss and to compile sufficient reliable information for the preparation of the financial statements. Because the cost of internal controls should not exceed the benefits, the internal controls are designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements have been audited by Lowenthal Singleton Webb and Wilson, Professional Association, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Lawrence for the fiscal year ended December 31, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Lawrence's financial statements for the year ended December 31, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Lawrence was part of a broader, federally mandated "Single Audit" designed to meet the special needs for federal



grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These Single Audit reports are part of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A section can be found immediately following the report of the independent auditors.

### **Profile of the City**

The City of Lawrence was founded in 1854 as a project of the New England Emigrant Aid Society. The City's location, thirty-eight miles west of Kansas City, Missouri, and twenty-five miles east of Topeka, the state capitol, makes it one of the fastest growing cities in Kansas. In addition, Lawrence is home to the University of Kansas, which is the largest local employer. The City encompasses approximately 31.3 square miles and has an estimated population of 86,040.

The City of Lawrence has operated under the Commission-City Manager form of government since 1951. The five member Commission is elected at large to either a two or four year term. Each year the Commission chooses one of its members to serve as Mayor. The Commission is responsible for policy making, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for the day-to-day operations of the City and for hiring personnel.

The City provides a full range of services which include police and fire protection, construction and maintenance of infrastructure, community development and planning, and recreational and cultural activities. The City also operates both the water and wastewater utilities. In addition, the City provides both residential and commercial sanitation services to its citizens. The Lawrence Public Library, Lawrence Housing Authority, and Lawrence Memorial Hospital are considered component units of the City of Lawrence and thus have financial information included in this report.

The annual budget provides a foundation for financial planning and control. The City must submit its annual budget to the State of Kansas prior to the end of August. The City Commission is required to hold a public hearing to discuss the budget prior to its adoption. The budget is adopted by fund. An amendment to increase the budget is allowed up to the amount non property tax sources of revenue exceed the adopted budget. Budget to actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when it is considered from the specific environment within which the City operates.

**Local economy.** The local economy is varied and diverse. Employment opportunities are provided by over 2100 local employers. Major employers include the University of Kansas, Lawrence Public Schools, Hallmark Cards, Lawrence Paper Company, Amarr Garage Doors, Berry Plastics, K-Mart Distribution Center, and Del Monte. The City Commission approved a \$25 million tax abatement for Seralogicals to manufacture EX-CYTE, a human blood substitute. In November 2003, the City Commission approved a \$17.1 million tax abatement to AMARR Garage Door Group for an expansion of their current facility.

The average unemployment of the Lawrence MSA in 2003 was 4.7%. The total civilian labor force was 58,116. The average annual unemployment rate for 1999, 2000, 2001, and 2002 was 3.2%, 4.0%, 4.4%, and 4.2%, respectively. The number of homes sold in Lawrence was 1690, an increase of 10% compared to 2002. The average selling price for a home was \$161,700 during the year, an increase of 8.7% over 2002.

**Long-term financial planning.** As Lawrence continues to grow the need to build new infrastructure and maintain existing streets and storm sewers becomes very important. The City has experienced a significant number of special benefit districts to finance streets and sidewalks in the Northwestern part of the City. The City typically allows benefit district projects to be financed over a ten year period. If the property taxes are not paid by the property owners in the benefit district, the cost of the principal and interest payments are covered by the public at-large. The City Commission is considering the construction of Lawrence's fifth fire station. Plans for the construction of a second public library facility are pending.

The City Commission recently adopted a new ten year capital improvement plan for the water and sanitary sewer utility. The plan includes over \$130 million in projects with the largest cost being \$80 million for the City's second wastewater treatment plant. A rate study to determine the cost of service and level of water and sanitary sewer rates for the next five years is scheduled for completion in June of 2004. The projects will be financed with a combination of cash and revenue bonds.

The State of Kansas is expected to begin widening a one mile portion of Highway 40 in the Northwest part of the City. The project would widen the existing highway to four lanes and cost the City over \$3.3 million. The project is expected to lead to additional retail and residential development in that part of the City.

The City Commission is provided with a projection of the revenue, expenditures, and fund balances of the property tax supported funds as part of the budget deliberations. The



main purpose for the projection is to avoid large fluctuations in future property tax levies and to warn of potential structural imbalances between revenues and expenditures. The City Commission could then decide to increase revenues or reduce expenditures or some combination of both. The City Commission has adopted a policy to maintain the fund balance in the General Fund at a level equal to 15-30% of expenditures.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in certificates of deposit, obligations of Federal agencies, and the Kansas Municipal Investment Pool. The maturities of investments varied from three months to four years with an average maturity just over one year. The weighted average yield on investments during the year was 2.2%. The City's cash management policy was certified by the Municipal Treasurer's Association in 2002. In addition, the State's Pooled Money Investment Board has granted the City expanded investment powers.

**Risk Management.** The City of Lawrence self insures for the majority of our risks. General and automobile liability over \$300,000 per occurrence and \$1 million in aggregate are covered by third parties. The City also maintains insurance policies covering certain high cost items such as fire trucks. To lessen the budgetary impact of large settlements, the City has maintained a liability reserve fund totaling over \$1.2 million.

**Pension and other postemployment benefits.** The City of Lawrence full time employees participate in a defined benefit retirement system sponsored by the State of Kansas. Both the employee and employer contribute. State statutes establish the various contribution levels. There are different plans for public safety employees and all other city employees. Currently, the rates paid are not sufficient to adequately fund the system. As a result, the unfunded liabilities of the plans have been increasing.

The City also contributes up to 20% of the cost of retiree health care. The benefit is funded on a pay-as-you-go basis. GAAP does not currently require the City to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. However, the Governmental Accounting Standards Board has recently issued GASB 43 initiating such a requirement.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lawrence for its comprehensive annual financial report (CAFR) for the year ended December 31, 2002. This was the twelfth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

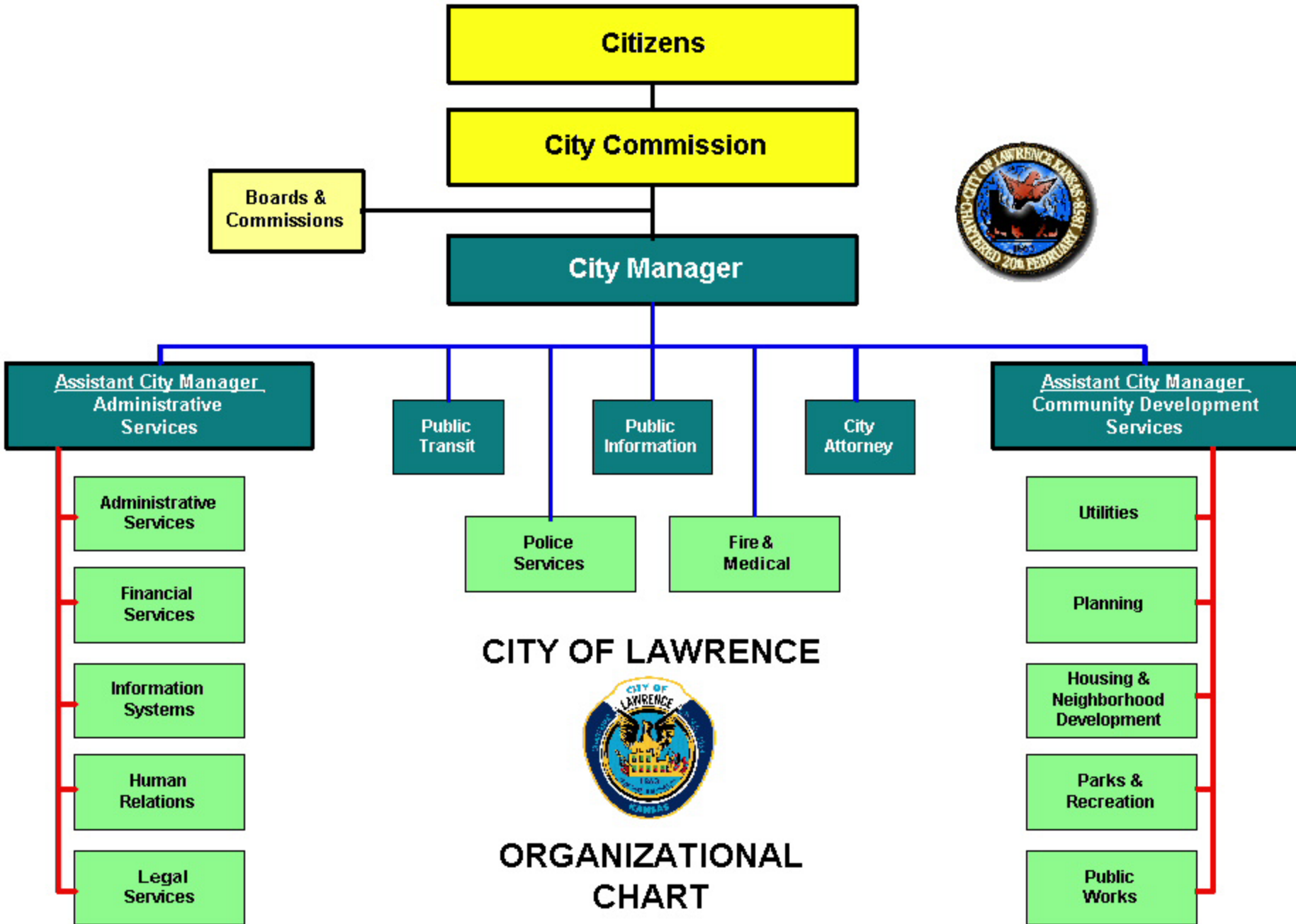
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its 2004 annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Special acknowledgement must be given to 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.

Respectfully submitted,

A. Ed Mullins  
Finance Director



## **CITY OF LAWRENCE, KANSAS**

### **List of Principal Officials**

December 31, 2003

<b>Title</b>	<b>Name</b>
Mayor	David Dunfield
Vice Mayor	Mike Rundle
Commission Member	Dennis Highberger
Commission Member	David Schauner
Commission Member	Sue Hack
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	Charles Soules
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, 2002

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.



President

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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and Kansas Society of  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**  
**ON THE BASIC FINANCIAL STATEMENTS**

Mayor and City Commission  
City of Lawrence, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lawrence, Kansas, as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lawrence Memorial Hospital which statements reflect total assets of \$103,607,410 as of December 31, 2003 and total expenses of \$90,035,838 for the year then ended, and the Housing Authority of the City of Lawrence which statements reflect total assets of \$14,979,791 as of December 31, 2003 and total expenses of \$5,745,933 for the year then ended, which are discretely presented component units in the accompanying financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lawrence Memorial Hospital and the Housing Authority of the City of Lawrence, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lawrence, Kansas, at December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of December 31, 2003.

In accordance with "Government Auditing Standards," we have also issued a report dated April 30, 2004, 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 an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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, "Audit of States, Local Governments, and Non-Profit Organizations," and are not a required part of the basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs, and the combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic 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, 2004



## **Management's Discussion and Analysis**

As management of the City of Lawrence, Kansas, we offer readers of the financial statements an overview and analysis of the financial activities of the City of Lawrence for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal of this report.

### **Financial Highlights**

- The assets of the City of Lawrence exceeded its liabilities at the end of 2003 by \$278,721,682. Of this amount, \$72,959,736 may be used to meet the government's ongoing obligations.
- An event that helped increase net assets was \$5.4 million net income in the Water and Sewer Fund.
- As of December 31, 2003, the City's governmental funds reported combined ending fund balances of \$31,187,027, an increase of \$6,150,347 in comparison with the prior year. Approximately 64% is available for spending at the City's discretion.
- At the end of 2003, the City's unreserved general fund balance was \$8,164,583 or 21.9% of general fund expenditures.
- The City's total debt increased 14.7% during the year. The debt was issued to fund various street and storm water improvements.

### **Overview of the Financial Statements**

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances.

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

The statement of activities presents information showing how the City's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Some revenues and expenses reported in the statements will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions

that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, public safety, public works, and recreation. The business-type activities include the water and sanitary sewer, sanitation, storm sewer, and golf course operations.

The government-wide financial statements include not only the City of Lawrence, but also the Lawrence Public Library, the Lawrence Public Housing Authority and Lawrence Memorial Hospital. Financial information for these component units is reported separately from the financial information presented for the City.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities of objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental, proprietary, and fiduciary.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources.

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

The City of Lawrence maintains 32 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for these funds is provided in the form of combining statements in this report.

A budget is approved annually for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Proprietary funds.* The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for the activities of the water and sewer, sanitation, public parking, storm water, and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among functions. Internal service funds are used to account for fleet maintenance and office supplies. These activities have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer and sanitation operations. The other enterprise funds and the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the City's progress in funding its obligation to fund its outstanding debt.

The combining statements are presented immediately following the required supplementary information.

### **Government-wide Financial Analysis**

By far the largest portion of the City of Lawrence's net assets reflects its investment in capital assets. Capital assets are used to provide services and are not available for future spending. The resources needed to repay capital-related debt must be provided from other sources.

City of Lawrence's Net Assets (000's)			
	Governmental 2003	Business-type 2003	Total 2003
Current and other			
Assets	\$ 92,653	\$ 45,508	\$138,161
Capital Assets	<u>166,595</u>	<u>150,592</u>	<u>317,187</u>
Total	259,248	196,100	455,348
Long term Liabilities	102,588	64,799	167,387
Other Liabilities	<u>5,426</u>	<u>3,813</u>	<u>9,239</u>
Total	108,014	68,612	176,626

Net Assets:

Capital Assets, net of

Debt	93,881	86,789	180,670
Restricted	19,183	5,909	25,092
Unrestricted	<u>38,170</u>	<u>34,790</u>	<u>72,960</u>
Total	151,234	127,488	278,722

A portion of the net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet ongoing obligations.

As of the end of 2003, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

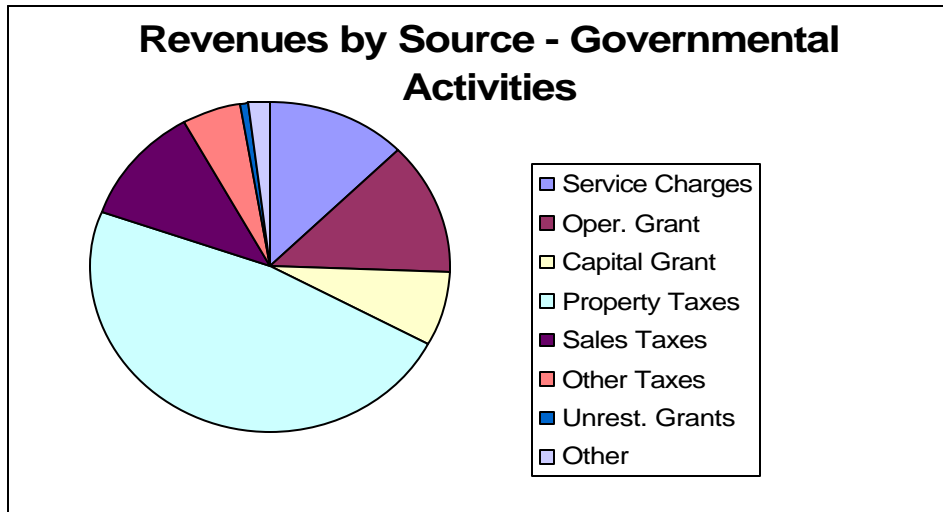
There was an increase in net assets for the governmental type funds primarily due to a \$10 million crossover refunding completed in 2003. The proceeds are currently on deposit with a fiscal agent until the crossover date of September, 2004. Factors reducing net assets included expenditures in the General Fund exceeding revenues by about \$470,000 and expenditures in the Special Revenue Funds exceeding revenues by a combined \$600,000. However, these losses were partially offset by revenues exceeding expenditures in the Debt Service Fund by over \$500,000. The governmental capital assets increased by \$8.3 million due to continued expansion of the City's infrastructure.

There was an increase in restricted net assets reported in connection with the business-type activities. Restricted assets in the Water and Sewer Fund increased as the city continues to build up cash to finance future capital projects. All of the enterprise funds, except Public Parking and the Golf Course, had positive net income for the year, with most of the income generated by the Water and Sewer Fund. Capital assets increased by \$8.7 million primarily due to the expansion of the wastewater treatment plant. However, notes payable increased by \$6.9 million as additional State Revolving Loan Funds were drawn upon to pay for capital projects.

Overall, the City's net assets increased by \$14,704,287 during 2003 due to positive net income in most funds and the continued construction of capital assets. Much of the increase was the result of water and sewer revenues exceeding expenses by over \$5.4 million. The City is also attempting to increase its cash reserves to pay for future capital projects. The Storm Water Utility experienced positive net income of nearly \$1.5 million. However, the Storm Water Utility will be responsible for retiring \$7.5 million in general obligation debt that will be issued in 2004. A more complete analysis of the changes in the City's net assets will be possible next year.

City of Lawrence's Changes in Net Assets  
(000's)

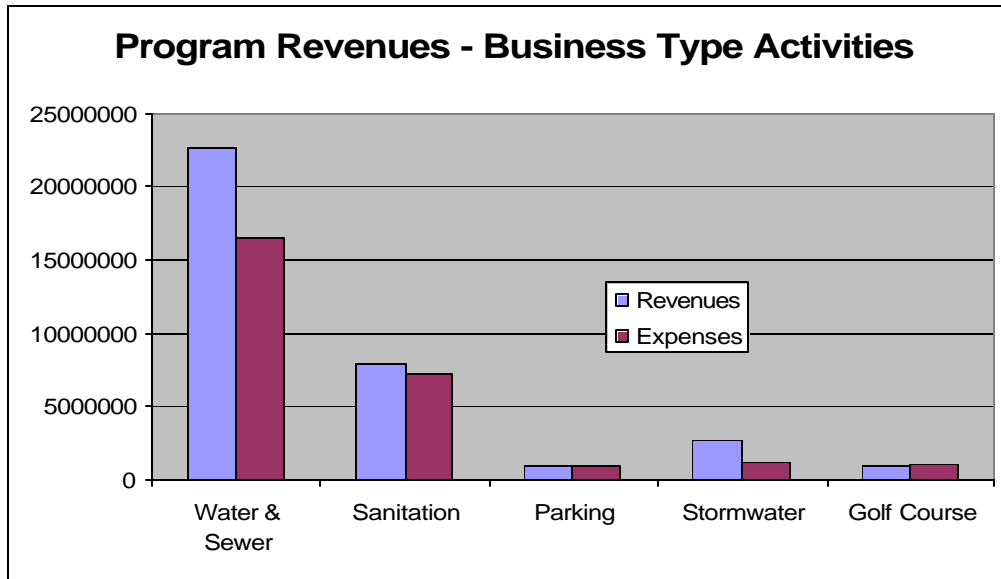
	Governmental 2003	Business-type 2003	Total 2003
Revenues:			
Program revenues:			
Charges for service	\$ 8,410	\$ 35,061	\$ 43,471
Operating grants	8,691	27	8,718
Capital grants	4,704		4,704
General revenues:			
Property taxes	31,839		31,839
Sales taxes	7,501		7,501
Other taxes	3,661		3,661
Unrestricted Grants	518		518
Other	<u>1,194</u>	<u>658</u>	<u>1,852</u>
Total	66,518	35,746	102,264
Expenses:			
General government	\$ 11,589		\$ 11,589
Public safety	21,444		21,444
Public Works	10,582		10,582
Social Services	2,883		2,883
Recreation	7,034		7,034
Health	1,382		1,382
Interest on debt	3,843		3,843
Water and sewer		\$16,561	16,561
Sanitation		7,218	7,218
Public Parking		912	912
Storm Water		1,122	1,122
Golf		<u>1,050</u>	<u>1,050</u>
Total expenses	58,757	26,863	85,620
Excess (deficiency)	7,761	8,883	16,644
Transfers	1,288	(1,288)	
Appropriations to component units	<u>(1,940)</u>		<u>(1,940)</u>
Change in net assets	7,109	7,595	14,704
Beginning Net Assets	<u>144,125</u>	<u>119,893</u>	<u>264,018</u>
Ending Net Assets	151,234	127,488	278,722



**Governmental activities.** Governmental activities increased the City's net assets by \$7,109,176 during the year. Despite a state wide reduction in demand transfers from the State of Kansas and lower than budgeted interest revenue due to historically low interest rates, most other revenue sources exceeded expectations. Other key elements of governmental activities during the year are as follows.

Property taxes increased due to a 5.7% increase in assessed valuation and a 3.4% increase in the total levy. Most of the increase in the levy was to adequately fund the operation of the general fund after the loss of \$1.2 million in state demand transfers. Operating grants for governmental activities increased because of the amount due the City under the CDBG program. The CDBG grant award totaled \$990,000 in 2003.

Expenses increased because of general wage adjustments and the hiring of 15 police officers, 3 firefighters, a Legal Assistant, an Engineer, and a Planner. The cost of 11 of the Police Officers will be funded with federal grants for three years. The City decreased budgets in its governmental activities by \$712,500 due to the elimination of state demand transfers from the State of Kansas. State demand transfers, including State Revenue Sharing and Local Ad Valorem Tax Reduction payments, were reduced by over \$1.2 million in 2003.



**Business-type activities.** Business-type activities increased the City's net assets by \$7,595,111. All of the City's business-type activities experienced positive net income with the exception of the Public Parking and Golf Course funds. The key elements of the increase are as follows:

- Positive net income in the Water and Sewer equaling \$5.4. Sanitary sewer rates were increased by 6% in 2003.
- Positive net income in the Storm Water Fund equaling \$1.5 million. Storm water fees were increase by 33% in 2003.
- Continued build up of cash reserves in the Water and Sewer Fund to pay for future capital projects.
- Expansion of the Clinton water plant and wastewater treatment plant.

### **Financial Analysis of the Government's Funds**

*Governmental funds.* The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending in future years.

As of December 31, 2003, the City of Lawrence's governmental funds reported combined ending fund balances of \$31,187,027, an increase of \$6,150,347 from the prior year. Approximately 64% of the total is unreserved and thus available for spending in future years. The remaining amount has already been committed to liquidate contracts and purchase orders and pay debt service and legal claims.

The general fund is the primary operating fund of the City. At the end of 2003, unreserved general fund balance totaled \$8,164,583, while total general fund balance totaled \$9,178,957. Unreserved general fund balance represents 21.9% of total general fund expenditures, significantly above the 15% minimum established by the City Commission.

Key factors in the decrease of the general fund balance are as follows:

- The loss of over \$1.2 million in state demand transfer payments such as State Revenue Sharing and the Local Ad Valorem Tax Reduction distributions.
- Lower interest earnings due to the need to stimulate the economy with low short term rates
- Reduced growth in sales taxes due to a sluggish economy and reduced retail prices
- Lower rate of growth in assessed valuation growth due to concerns about the economy resulting in less investment

The debt service fund has a total fund balance of \$7,537,669, all of which is reserved for debt service. The \$531,064 increase in fund balance during the year was not significant. The City continues to receive prepaid special assessment payments. However, the underlying debt is not retired making it necessary to retain a sufficient fund balance to make future debt payments. The City will experience increasing principal and interest payments through 2007.

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

Unrestricted fund equity of the Water and Sewer Fund totaled \$28,307,027 at the end of 2003. The unrestricted net assets of the Sanitation Fund amounted to \$3,730,624 at the end of 2003. The net income for the Water and Sewer Fund was \$5,408,396. The net income for the Sanitation Fund was \$375,061. The continued population growth of Lawrence has had an impact on the funds. Increasing demands for water and sanitary sewer services will result in the need to expand existing facilities on the water side and construct a second wastewater treatment plant by 2011. The Sanitation Fund must continue to add routes and equipment to service the growth areas of the City.

### **General Fund Budgetary Highlights**

The City of Lawrence adopts its budget on a fund basis. During the year, there were some adjustments between programs and line items. The more significant changes are listed below:

- A total of \$150,000 was transferred to the Golf Course Fund instead of the Sales Tax Reserve Fund to provide the golf course with working capital into 2004.
- The budget for General Government was increased in 2003 by over \$712,500 to create a reserve account and reduce operating expenditures due to the loss



of state demand transfer payments. The offsetting operating budget decreases are itemized below.

- The budget for Public Safety was reduced by \$132,500 primarily in salary reductions.
- The budget for Recreation was reduced by \$100,000 primarily in facility improvements.
- The budget for capital outlay items was reduced by \$160,000.
- The budget for transfers to other funds was reduced by \$220,000 to retain capital in the General Fund.
- The budget for contingencies was reduced by \$100,000.

Kansas Statutes allow cities to amend budgets if there is an increase in non-property tax revenue sources. While the City of Lawrence experienced some revenue increases, it was not necessary to formally amend the general fund budget because expenditures were significantly below the adopted budget.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investments in capital assets for its governmental and business type activities as of December 31, 2003, amounts to \$317,187,526 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, roads, and bridges. The increase in capital assets for the current year was 5.7% for business-type activities.

Major capital asset additions during the year included the following:

- Completion of the improvements to the 31<sup>st</sup> and Iowa intersection
- Completion of the North Michigan Street improvements
- Construction of the Crossgate area street and storm water improvements
- Continued work on the expansion of the wastewater treatment plant
- Continued work on the expansion of the Clinton water treatment plant

#### City of Lawrence's Capital Assets (net of depreciation)

	Governmental		Business-type		Total	
	2002	2003	2002	2003	2002	2003
Land	\$ 12,741	\$ 12,884	\$ 2,109	\$ 2,484	\$ 14,850	\$ 15,368
Buildings	31,163	30,081	3,621	10,840	34,784	40,921
Improvements	16,203	15,355	72,754	72,898	88,957	88,253
Equipment	7,782	7,119	4,537	4,449	12,319	11,568
Infrastructure	82,602	83,219			82,602	83,219
Construction in progress	<u>7,819</u>	<u>17,937</u>	<u>58,815</u>	<u>59,921</u>	<u>66,634</u>	<u>77,858</u>
Total	158,310	166,595	141,836	150,592	300,146	317,187

For more detailed information on capital assets, see the notes to the basic financial statements.

**Long-term debt.** At the end of 2003, the City of Lawrence had total bonded debt outstanding of \$87,600,000. Of this amount, \$78,125,000 comprises debt backed by the full faith and credit of the government (general obligation debt). The remainder of the debt represents bonds secured solely by revenue generated by the Water and Sewer utility (revenue bonds). In addition, the City had \$49,470,892 due in accordance with the State Revolving Loan Fund (SRF) program for water and wastewater projects.

City of Lawrence's Outstanding Debt General Obligation and Revenue Bonds (000's)						
	Governmental		Business-type		Total	
	2002	2003	2002	2003	2002	2003
General Obligation	\$62,636	\$72,639	\$ 6,083	\$ 5,486	\$68,719	\$78,125
Revenue			10,510	9,475	10,510	9,475
SRF			42,602	49,471	42,602	49,471
Other Notes Payable	<u>91</u>	<u>75</u>			<u>91</u>	<u>75</u>
Total	\$62,727	\$72,714	\$59,195	\$64,432	\$121,922	\$137,146

The City's total outstanding bonded debt increased \$15,223,097 during the year. The major component of this increase was the issuance of a \$10,190,000 crossover refunding the proceeds of which are being held in an escrow account until the crossover date of September, 2004. The continued growth of the City and the need for improving existing infrastructure resulted in the issuance of \$6,050,000 in new general obligation debt.

During the year, the City issued \$14,460,000 in bonds to perform a crossover refunding of two of its existing general obligation debt at a significant savings in future payments.

- The City of Lawrence issued general obligation bonds to refinance previous bonds issued for construction of the outdoor pool and softball complex. The \$10,190,000 refinancing is expected to decrease future debt service payments by \$419,200. The crossover date is September, 2004.
- The City of Lawrence also refinanced general obligation bonds issued for infrastructure improvements. The \$4,270,000 refunding will result in a reduction of future debt service payments totaling \$302,900. The crossover date was September, 2003.

The City of Lawrence has been given a rating of Aa2 on its general obligation debt by Moody's. The City's outstanding revenue bonds have been rated A1 by Moody's. The City has not issued any revenue bonds since 1997.

Kansas statutes limit the amount of general obligation debt a city may issue to 30 percent of total assessed valuation. On December 31, 2003 the debt limitation for the City of Lawrence was \$222,965,887, which is significantly in excess of the \$78,125,000 in general obligation debt the City had outstanding as of December 31, 2003.

For more detailed information on debt, see the notes to the basic financial statements.

## **Economic Factors and 2004 Budget**

- The unemployment rate for the City of Lawrence was 4.7% as of December 31, 2003. This is below the State average of 5.4%.
- The City experienced an increase of 7.2% in its assessed valuation in 2003. The increase in assessed value is the basis for the 2004 budget.
- Several businesses announced significant expansions during the year. This will result in an estimated increase in employees in excess of 100.

During 2003, unreserved fund balance in the general fund decreased by \$754,899. Because of the continued loss of state demand transfers and the slower growth of the major sources of revenue, the 2004 budget was one of the toughest to balance in the City's history. However, by reducing 2004 adopted expenditures compared to the 2003 budget, the City was able to produce a balanced budget for 2004 despite the continued loss of State transfers. The City increased the 2003 mill levy by 2.5 mills to generate \$1,692,000 in 2004 to help offset state demand transfer loss. Only 1 new employee was added in the 2004 budget and no general wage adjustment was provided.

The rates charged for sanitary sewer service was increased by 6% and the increase in sanitation rates was 3% for 2004. The sewer rate increase was necessitated by the expansion of the wastewater treatment plant and other sanitary sewer related capital projects. The sanitation rate increase was implemented to cover increased operating expenses and to avoid a larger rate increase in the future.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Lawrence's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Lawrence, Finance Director, P.O. Box 708, Lawrence, KS 66044. The City's website can be found at [www.lawrenceks.org](http://www.lawrenceks.org).

## **BASIC FINANCIAL STATEMENTS**

# CITY OF LAWRENCE, KANSAS

## Statement of Net Assets December 31, 2003

Assets	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Cash	\$ 16,484,476	3,010,485	19,494,961	7,564,705
Investments	47,186,782	39,070,099	86,256,881	28,790,318
Receivables (net of allowance of \$88,211)	28,885,216	2,683,791	31,569,007	16,717,458
Inventories	96,330	569,554	665,884	617,980
Prepaid items	—	173,448	173,448	2,376,546
Deferred costs	—	—	—	873,745
Other assets	—	—	—	261,355
Capital assets (Net)				
Land and construction in progress	30,821,309	62,404,998	93,226,307	7,107,279
Other capital assets, net of depreciation	135,773,784	88,187,435	223,961,219	61,544,210
Total assets	259,247,897	196,099,810	455,347,707	125,853,596
<b>Liabilities</b>				
Accounts payable and accrued expenses	5,065,375	3,668,375	8,733,750	8,513,895
Deferred revenue	15,442	6,579	22,021	1,014,299
Long-term liabilities				
Due within one year	34,468,093	1,168,694	35,636,787	1,677,086
Due in more than one year	68,465,312	63,768,155	132,233,467	34,812,696
Total liabilities	108,014,222	68,611,803	176,626,025	46,017,976
<b>Net Assets</b>				
Invested in capital assets, net of debt	93,880,872	86,789,171	180,670,043	37,081,139
Restricted for:				
Debt service	18,930,374	5,909,170	24,839,544	426,746
Other purposes	252,359	—	252,359	93,414
Unrestricted	38,170,070	34,789,666	72,959,736	42,234,321
Total net assets	\$ 151,233,675	127,488,007	278,721,682	79,835,620

The notes to the basic financial statements are an integral part of this statement

# CITY OF LAWRENCE, KANSAS

## Statement of Activities For the Year Ended December 31, 2003

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 11,589,545	719,087	1,839,891	11,159	(9,019,408)	—	(9,019,408)	—
Public safety	21,444,143	5,597,535	946,309	71,973	(14,828,326)	—	(14,828,326)	—
Public works	10,389,739	50,209	2,541,853	2,661,474	(5,136,203)	—	(5,136,203)	—
Health	1,382,529	129,607	—	—	(1,252,922)	—	(1,252,922)	—
Social services	2,882,748	262,351	2,259,052	—	(361,345)	—	(361,345)	—
Culture and recreation	6,543,285	1,563,897	543,160	—	(4,436,228)	—	(4,436,228)	—
Tourism	490,053	—	560,410	—	70,357	—	70,357	—
Airport	191,661	26,432	—	—	(165,229)	—	(165,229)	—
Interest on long-term debt	3,842,917	61,417	—	1,958,987	(1,822,513)	—	(1,822,513)	—
Total governmental activities	58,756,620	8,410,535	8,690,675	4,703,593	(36,951,817)	—	(36,951,817)	—
Business-type activities:								
Water & sewer	16,561,112	22,731,523	—	—	—	6,170,411	6,170,411	—
Sanitation	7,218,375	7,859,391	27,173	—	—	668,189	668,189	—
Parking	912,248	896,694	—	—	—	(15,554)	(15,554)	—
Stormwater	1,121,598	2,677,414	—	—	—	1,555,816	1,555,816	—
Golf course	1,049,496	896,158	—	—	—	(153,338)	(153,338)	—
Total business-type activities	26,862,829	35,061,180	27,173	—	—	8,225,524	8,225,524	—
Total primary government	\$ 85,619,449	43,471,715	8,717,848	4,703,593	(36,951,817)	8,225,524	(28,726,293)	—
<b>Component units:</b>								
Lawrence Housing Authority	\$ 5,745,933	1,352,176	4,960,819	—	—	—	—	567,062
Lawrence Memorial Hospital	90,035,838	94,679,680	90,407	526,790	—	—	—	5,261,039
Lawrence Public Library	1,915,164	100,898	300,862	—	—	—	—	(1,513,404)
Total component units	\$ 97,696,935	96,132,754	5,352,088	526,790	—	—	—	4,314,697
General Revenues								
Taxes								
Property taxes, levied for general purposes					26,628,583	—	26,628,583	—
Property taxes, levied for debt service					5,210,127	—	5,210,127	—
Franchise taxes					3,660,489	—	3,660,489	—
Sales taxes					7,501,459	—	7,501,459	—
Grants and contributions not restricted to specific programs					518,024	—	518,024	—
Unrestricted investment earnings					1,107,797	657,587	1,765,384	6,764
Miscellaneous					86,437	—	86,437	4,896
Transfers					1,288,000	(1,288,000)	—	—
Appropriations to (for) component unit					(1,939,923)	—	(1,939,923)	1,939,923
Total general revenues and transfers					44,060,993	(630,413)	43,430,580	1,951,583
Change in net assets					7,109,176	7,595,111	14,704,287	6,266,280
Net assets-beginning					144,124,499	119,892,896	264,017,395	73,569,340
Net assets-ending					\$ 151,233,675	127,488,007	278,721,682	79,835,620

The notes to the basic financial statements are an integral part of this statement

# CITY OF LAWRENCE, KANSAS

## Balance Sheet Governmental Funds December 31, 2003

Assets	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 1,531,788	1,383,827	11,074,080	2,277,728	16,267,423
Investments	9,258,710	6,589,100	16,809,196	12,812,464	45,469,470
Receivables:					
Taxes	11,254,600	4,341,423	—	3,078,485	18,674,508
Special assessments	—	7,176,277	—	—	7,176,277
Intergovernmental	—	—	196,486	1,036,366	1,232,852
Accounts (net of allowance of \$4,166)	651,979	106,073	—	206,810	964,862
Franchise fees	335,503	—	—	—	335,503
Loans	—	—	—	229,359	229,359
Accrued interest	49,225	21,877	49,631	36,064	156,797
Due from other funds	362,000	—	—	—	362,000
<b>Total assets</b>	<b>\$ 23,443,805</b>	<b>19,618,577</b>	<b>28,129,393</b>	<b>19,677,276</b>	<b>90,869,051</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 759,471	—	3,089	83,852	846,412
Accrued interest payable	—	—	246,634	—	246,634
Accrued payroll	1,227,508	—	—	195,729	1,423,237
Accrued vacation/sick pay	1,392,744	—	—	209,848	1,602,592
Due to other funds	—	—	—	362,000	362,000
Estimated claims and judgements payable	20,614	—	—	—	20,614
Temporary notes payable	—	—	28,270,000	—	28,270,000
Deferred revenue	10,864,511	12,080,908	—	3,965,116	26,910,535
<b>Total liabilities</b>	<b>14,264,848</b>	<b>12,080,908</b>	<b>28,519,723</b>	<b>4,816,545</b>	<b>59,682,024</b>
Fund balances:					
Reserved for encumbrances	1,014,374	12,550	—	308,437	1,335,361
Reserved for debt service	—	7,525,119	—	—	7,525,119
Reserved for loans	—	—	—	229,359	229,359
Reserved for donor restriction	—	—	—	23,000	23,000
Unreserved:					
Designated for losses	—	—	—	2,159,277	2,159,277
Undesignated	8,164,583	—	(390,330)	12,140,658	19,914,911
<b>Total fund balances</b>	<b>9,178,957</b>	<b>7,537,669</b>	<b>(390,330)</b>	<b>14,860,731</b>	<b>31,187,027</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,443,805</b>	<b>19,618,577</b>	<b>28,129,393</b>	<b>19,677,276</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	166,546,171
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	26,910,535
Internal service funds are used by management to charge the costs of fleet repairs office supplies, and health insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,794,740
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(75,204,798)</u>
<b>Net assets of governmental activities</b>	<b><u>151,233,675</u></b>

The notes to the basic financial statements are an integral part of this statement

# CITY OF LAWRENCE, KANSAS

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

Year ended December 31, 2003

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 24,120,940	4,902,828	—	3,633,918	32,657,686
Special assessments	—	1,369,411	388,635	—	1,758,046
Licenses and permits	1,024,587	—	—	—	1,024,587
Charges for services	3,143,534	—	—	1,391,086	4,534,620
Fines, forfeitures and penalties	2,012,187	—	—	—	2,012,187
Interest	387,341	141,182	379,490	199,784	1,107,797
Intergovernmental	8,221,185	—	1,716,858	9,027,202	18,965,245
Reimbursements	—	—	555,980	—	555,980
Miscellaneous	398,127	911,205	—	617,114	1,926,446
Total revenues	39,307,901	7,324,626	3,040,963	14,869,104	64,542,594
Expenditures:					
General government	9,044,553	—	—	3,241,722	12,286,275
Public safety	19,880,294	—	—	879,903	20,760,197
Public works	3,997,828	—	—	2,557,041	6,554,869
Health	809,058	—	—	560,434	1,369,492
Social services	301,631	—	—	2,579,631	2,881,262
Culture and recreation	2,616,064	—	—	3,377,282	5,993,346
Tourism	—	—	—	486,845	486,845
Airport	75,885	—	—	—	75,885
Capital outlay	454,746	—	11,721,582	1,235,642	13,411,970
Debt service:					
Principal retirement	16,214	4,961,017	4,175,000	1,371,435	10,523,666
Interest and fiscal charges	3,062	2,233,734	953,615	723,106	3,913,517
Total expenditures	37,199,335	7,194,751	16,850,197	17,013,041	78,257,324
Excess (deficiency) of revenues over (under) expenditures	2,108,566	129,875	(13,809,234)	(2,143,937)	(13,714,730)
Other financing sources (uses):					
Transfers in	1,195,000	401,189	—	4,403,200	5,999,389
Transfers out	(3,772,000)	—	—	(932,389)	(4,704,389)
Transfers to component units	—	—	—	(1,939,923)	(1,939,923)
Proceeds of general obligation bonds	—	—	20,510,000	—	20,510,000
Total other financing sources (uses)	(2,577,000)	401,189	20,510,000	1,530,888	19,865,077
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(468,434)	531,064	6,700,766	(613,049)	6,150,347
Fund balance, beginning of year	9,647,391	7,006,605	(7,091,096)	15,473,780	25,036,680
Fund balance, end of year	\$ 9,178,957	7,537,669	(390,330)	14,860,731	31,187,027

The notes to the basic financial statements are an integral part of this statement



## CITY OF LAWRENCE, KANSAS

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Year Ended December 31, 2003

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

Net changes in fund balances - total governmental funds	\$ 6,150,347
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	8,235,855
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,832,947
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(9,986,334)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	74,472
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>801,889</u>
Change in net assets of governmental activities	\$ <u><u>7,109,176</u></u>

The notes to the basic financial statements are an integral part of this statement

# CITY OF LAWRENCE, KANSAS

## General Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2003  
(With Comparative Actual Amounts for 2002)

	2003				
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	2002 Actual
Revenues:					
Taxes	\$ 23,198,949	23,198,949	24,120,940	921,991	22,028,664
Licenses and permits	607,000	607,000	1,024,587	417,587	785,543
Charges for services	3,082,737	3,082,737	3,143,534	60,797	3,159,433
Fines, forfeitures and penalties	1,500,000	1,500,000	2,012,187	512,187	1,776,155
Interest	850,000	850,000	387,341	(462,659)	637,996
Intergovernmental	9,029,497	9,029,497	8,221,185	(808,312)	8,787,440
Miscellaneous	306,893	306,893	398,127	91,234	276,348
Total revenues	<u>38,575,076</u>	<u>38,575,076</u>	<u>39,307,901</u>	<u>732,825</u>	<u>37,451,579</u>
Expenditures:					
General government	9,736,381	10,560,719	9,042,866	1,517,853	8,172,471
Public safety	21,336,897	21,173,354	19,941,334	1,232,020	19,148,146
Public works	4,701,897	4,683,409	4,207,757	475,652	3,936,747
Health	911,014	910,637	813,957	96,680	753,374
Social services	324,849	320,152	301,631	18,521	297,100
Culture and recreation	2,794,492	2,697,196	2,688,285	8,911	2,634,081
Airport	99,668	99,291	76,536	22,755	91,973
Capital outlay	762,840	601,280	394,158	207,122	859,414
Debt service:	20,000				
Principal retirement		20,000	19,276	724	19,276
Total expenditures	<u>40,688,038</u>	<u>41,066,038</u>	<u>37,485,800</u>	<u>3,580,238</u>	<u>35,912,582</u>
Excess of revenues over expenditures	<u>(2,112,962)</u>	<u>(2,490,962)</u>	<u>1,822,101</u>	<u>4,313,063</u>	<u>1,538,997</u>
Other financing sources (uses):					
Transfers in	1,200,000	1,200,000	1,195,000	(5,000)	1,156,150
Transfers out	<u>(4,150,000)</u>	<u>(3,772,000)</u>	<u>(3,772,000)</u>	<u>—</u>	<u>(4,150,000)</u>
Total other financing sources (uses)	<u>(2,950,000)</u>	<u>(2,572,000)</u>	<u>(2,577,000)</u>	<u>(5,000)</u>	<u>(2,993,850)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (5,062,962)</u>	<u>(5,062,962)</u>	<u>(754,899)</u>	<u>4,308,063</u>	<u>(1,454,853)</u>
Fund balance, beginning of year			9,647,391		11,162,145
Net change in reserve for encumbrances			<u>286,465</u>		<u>(59,901)</u>
Fund balance, end of year			<u>\$ 9,178,957</u>		<u>9,647,391</u>

The notes to the basic financial statements are an integral part of this statement

**CITY OF LAWRENCE, KANSAS**

Balance Sheet  
Proprietary Funds  
December 31, 2003

Assets	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Enterprise Funds	Total	
Current assets:					
Cash	\$ 1,442,210	305,175	500,872	2,248,257	364,656
Investments	26,728,513	3,535,426	1,930,087	32,194,026	2,529,855
Receivables:					
Accounts (net of allowance of \$84,045)	1,679,744	579,931	193,865	2,453,540	214,647
Accrued interest	100,697	13,266	8,183	122,146	8,516
Inventories	426,373	—	42,240	468,613	197,271
Prepaid items	173,448	—	—	173,448	—
Total current assets	<u>30,550,985</u>	<u>4,433,798</u>	<u>2,675,247</u>	<u>37,660,030</u>	<u>3,314,945</u>
Noncurrent assets					
Restricted cash	612,190	2,395	40	614,625	—
Restricted investments	6,063,530	—	—	6,063,530	—
Total restricted assets	<u>6,675,720</u>	<u>2,395</u>	<u>40</u>	<u>6,678,155</u>	<u>—</u>
Capital assets					
Land	492,773	—	1,991,348	2,484,121	—
Buildings and improvements	106,901,235	1,380,952	11,731,598	120,013,785	415,644
Equipment	5,760,682	5,871,634	1,086,419	12,718,735	217,057
Construction in progress	59,017,075	—	903,802	59,920,877	—
Accumulated depreciation	(36,446,999)	(4,216,037)	(3,933,581)	(44,596,617)	(532,247)
Total capital assets	<u>135,724,766</u>	<u>3,036,549</u>	<u>11,779,586</u>	<u>150,540,901</u>	<u>100,454</u>
Total noncurrent assets	<u>142,400,486</u>	<u>3,038,944</u>	<u>11,779,626</u>	<u>157,219,056</u>	<u>100,454</u>
Total assets	<u>\$ 172,951,471</u>	<u>7,472,742</u>	<u>14,454,873</u>	<u>194,879,086</u>	<u>3,415,399</u>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Current liabilities					
Accounts payable	\$ 829,571	200,235	13,595	1,043,401	4,763
Accrued interest payable	646,900	—	91,295	738,195	—
Claims payable	—	—	—	—	462,871
Accrued payroll	256,111	173,512	61,419	491,042	32,348
Accrued vacation and sick pay	305,260	210,863	68,938	585,061	44,161
Deferred revenue	—	—	—	—	22,021
Current portion of general obligation bonds	—	—	628,694	628,694	—
Total current liabilities	<u>2,037,842</u>	<u>584,610</u>	<u>863,941</u>	<u>3,486,393</u>	<u>566,164</u>
Current liabilities payable from restricted assets:					
Customer deposits	766,550	2,395	40	768,985	—
Current portion of revenue bonds	540,000	—	—	540,000	—
Total current liabilities payable from restricted assets	<u>1,306,550</u>	<u>2,395</u>	<u>40</u>	<u>1,308,985</u>	<u>—</u>
Noncurrent liabilities					
Compensated absences	197,894	105,816	19,823	323,533	41,721
Estimated claims and judgments payable	8,222	12,748	710	21,680	—
General obligation bonds payable	—	—	4,857,370	4,857,370	—
Revenue bonds payable	8,935,000	—	—	8,935,000	—
Notes payable	49,470,892	—	—	49,470,892	—
Total noncurrent liabilities	<u>58,612,008</u>	<u>118,564</u>	<u>4,877,903</u>	<u>63,608,475</u>	<u>41,721</u>
Total liabilities	<u>61,956,400</u>	<u>705,569</u>	<u>5,741,884</u>	<u>68,403,853</u>	<u>607,885</u>
Fund equity:					
Invested in capital assets, net of debt	76,778,874	3,036,549	6,293,522	86,108,945	100,454
Restricted for debt service	5,909,170	—	—	5,909,170	—
Unrestricted	28,307,027	3,730,624	2,419,467	34,457,118	2,807,514
Total fund equity	<u>110,995,071</u>	<u>6,767,173</u>	<u>8,712,989</u>	<u>126,475,233</u>	<u>2,907,968</u>
Total liabilities and fund equity	<u>\$ 172,951,471</u>	<u>7,472,742</u>	<u>14,454,873</u>	<u>194,879,086</u>	<u>3,515,853</u>
Total fund equity				126,475,233	
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				1,012,774	
Net assets of business-type activities				<u>\$ 127,488,007</u>	

The notes to the basic financial statements are an integral part of this statement

# CITY OF LAWRENCE, KANSAS

## Statement of Revenues, Expenses and Changes in Fund Equity Proprietary Funds

For the Year Ended December 31, 2003

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Sanitation</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
Operating revenues:					
Charges for services	\$ 22,631,345	7,566,118	4,428,639	34,626,102	7,109,492
Other sales	95,607	187,036	—	282,643	—
Total operating revenues	<u>22,726,952</u>	<u>7,753,154</u>	<u>4,428,639</u>	<u>34,908,745</u>	<u>7,109,492</u>
Operating expenses:					
Continuing operations	—	6,786,459	1,413,783	8,200,242	1,857,602
Transmission and distribution	8,720,919	—	840,569	9,561,488	—
General administration	2,009,837	—	—	2,009,837	605,917
Health insurance claims	—	—	—	—	3,443,961
Depreciation and amortization	3,613,914	600,260	572,618	4,786,792	31,130
Total operating expenses	<u>14,344,670</u>	<u>7,386,719</u>	<u>2,826,970</u>	<u>24,558,359</u>	<u>5,938,610</u>
Operating income (loss)	<u>8,382,282</u>	<u>366,435</u>	<u>1,601,669</u>	<u>10,350,386</u>	<u>1,170,882</u>
Nonoperating revenues (expenses)					
Interest income	560,804	62,716	34,067	657,587	42,140
Interest expense and fiscal charges	(2,316,229)	—	(293,548)	(2,609,777)	—
Gain (loss) on sale of fixed assets	4,571	378	(1,067)	3,882	(33,447)
Federal and state grant	—	27,173	—	27,173	—
Other	(62,532)	105,859	39,645	82,972	202
Total nonoperating revenues (expenses)	<u>(1,813,386)</u>	<u>196,126</u>	<u>(220,903)</u>	<u>(1,838,163)</u>	<u>8,895</u>
Income (loss) before operating transfers	<u>6,568,896</u>	<u>562,561</u>	<u>1,380,766</u>	<u>8,512,223</u>	<u>1,179,777</u>
Transfers:					
Transfers in	—	—	150,000	150,000	—
Transfers out	(1,160,500)	(187,500)	(90,000)	(1,438,000)	(7,000)
Total operating transfers	<u>(1,160,500)</u>	<u>(187,500)</u>	<u>60,000</u>	<u>(1,288,000)</u>	<u>(7,000)</u>
Net income (loss)	<u>5,408,396</u>	<u>375,061</u>	<u>1,440,766</u>	<u>7,224,223</u>	<u>1,172,777</u>
Fund equity (deficit), beginning of year, as restated	<u>105,586,675</u>	<u>6,392,112</u>	<u>7,272,223</u>		<u>1,575,059</u>
Fund equity (deficit), end of year	<u>\$ 110,995,071</u>	<u>6,767,173</u>	<u>8,712,989</u>		<u>2,747,836</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				<u>370,888</u>	
				<u>\$ 7,595,111</u>	

The notes to the basic financial statements are an integral part of this statement

# CITY OF LAWRENCE, KANSAS

## Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2003

	Business-type Activities-Enterprise Funds				Governmental
	Water and Sewer	Sanitation	Nonmajor Enterprise Funds	Total	Activities- Internal Service Funds
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 22,636,230	7,860,536	4,448,414	34,945,180	7,117,200
Payments to suppliers	(6,915,447)	(2,549,764)	(799,679)	(10,264,890)	(5,385,428)
Payments to employees	(5,497,252)	(4,074,156)	(1,428,460)	(10,999,868)	(719,834)
Net cash provided by (used in) operating activities	10,223,531	1,236,616	2,220,275	13,680,422	1,011,938
<b>Cash flows from noncapital financing activities:</b>					
Transfers in	—	—	150,000	150,000	—
Transfers out	(1,160,500)	(187,500)	(90,000)	(1,438,000)	(7,000)
Grant proceeds	—	27,173	—	27,173	—
Net cash provided by (used in) noncapital financing activities	(1,160,500)	(160,327)	60,000	(1,260,827)	(7,000)
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(12,261,044)	(675,356)	(634,353)	(13,570,753)	(33,611)
Proceeds from sales of capital assets	5,225	880	—	6,105	163
Proceeds from notes payable	8,979,578	—	—	8,979,578	—
Principal payments on debt	(3,145,266)	—	(616,345)	(3,761,611)	—
Interest payments on debt	(2,104,386)	—	(302,601)	(2,406,987)	—
Net cash used in capital and related financing activities	(8,525,893)	(674,476)	(1,553,299)	(10,753,668)	(33,448)
<b>Cash flows from investing activities:</b>					
Receipt of interest and dividends	595,449	64,242	30,783	690,474	41,477
Purchases of investments	(79,307,647)	(8,223,817)	(5,952,631)	(93,484,095)	(7,067,461)
Sales of investments	79,750,552	7,953,398	5,527,259	93,231,209	6,377,532
Net cash provided by (used in) investing activities	1,038,354	(206,177)	(394,589)	437,588	(648,452)
Net increase (decrease) in cash	1,575,492	195,636	332,387	2,103,515	323,038
Cash and cash equivalents, beginning of year	478,908	111,934	168,525	759,367	41,618
Cash and cash equivalents, end of year	\$ 2,054,400	307,570	500,912	2,862,882	364,656
Components of cash and cash equivalents at end of year:					
Cash	\$ 1,442,210	305,175	500,872	2,248,257	364,656
Restricted cash	612,190	2,395	40	614,625	—
	\$ 2,054,400	307,570	500,912	2,862,882	364,656
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 8,382,282	366,435	1,601,669	10,350,386	1,170,882
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	3,613,914	600,260	572,618	4,786,792	31,130
Other income	(62,532)	105,859	39,645	82,972	202
Change in:					
Accounts receivable	(53,267)	1,523	(19,870)	(71,614)	7,506
Inventories of supplies	21,321	—	—	21,321	(22,896)
Accounts payable	(1,868,959)	92,070	(3,182)	(1,780,071)	(7,853)
Claims payable	—	—	—	—	(131,803)
Accrued payroll	74,014	44,256	19,547	137,817	7,359
Customer deposits	25,077	(52)	40	25,065	—
Accrued vacation and sick pay	85,622	25,760	9,098	120,480	5,243
Due to other funds	—	—	—	—	(47,000)
Deferred revenue	—	—	—	—	(832)
Estimated claims and judgments payable	6,059	505	710	7,274	—
Total adjustments	1,841,249	870,181	618,606	3,330,036	(158,944)
Net cash provided by (used in) operating activities	\$ 10,223,531	1,236,616	2,220,275	13,680,422	1,011,938

The notes to the basic financial statements are an integral part of this statement

# CITY OF LAWRENCE, KANSAS

## Combining Statement of Net Assets - Discretely Presented Component Units December 31, 2003

Assets	Lawrence Housing Authority	Lawrence Memorial Hospital	Lawrence Public Library	Total Component Units
Current assets:				
Cash	\$ 917,419	5,927,754	719,532	7,564,705
Investments	3,971,624	24,818,694	—	28,790,318
Receivables (net)	98,289	16,619,169	—	16,717,458
Inventories	—	617,980	—	617,980
Prepaid items	—	2,376,546	—	2,376,546
Deferred costs	108,624	765,121	—	873,745
Other assets	—	261,355	—	261,355
Capital assets (net)				
Land and construction in progress	838,744	6,268,535	—	7,107,279
Other capital assets, net of depreciation	9,045,091	45,952,256	6,546,863	61,544,210
Total assets	<u>14,979,791</u>	<u>103,607,410</u>	<u>7,266,395</u>	<u>125,853,596</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	308,210	8,084,770	120,915	8,513,895
Deferred revenue	106,495	907,804	—	1,014,299
Long-term liabilities				
Due within one year	—	1,677,086	—	1,677,086
Due in more than one year	—	34,812,696	—	34,812,696
Total liabilities	<u>414,705</u>	<u>45,482,356</u>	<u>120,915</u>	<u>46,017,976</u>
Net Assets				
Invested in capital assets, net of debt	9,883,835	20,650,441	6,546,863	37,081,139
Restricted for:				
Debt service	—	426,746	—	426,746
Other purposes	93,414	—	—	93,414
Unrestricted	4,587,837	37,047,867	598,617	42,234,321
Total net assets	<u>\$ 14,565,086</u>	<u>58,125,054</u>	<u>7,145,480</u>	<u>79,835,620</u>

The notes to the basic financial statements are an integral part of this statement

**CITY OF LAWRENCE, KANSAS**

Combining Statement of Activities - Discretely Presented Component Units  
For the Year Ended December 31, 2003

	<b>Lawrence Housing Authority</b>	<b>Lawrence Memorial Hospital</b>	<b>Lawrence Public Library</b>	<b>Total Component Units</b>
Expenses	\$ 5,745,933	90,035,838	1,915,164	97,696,935
Program revenues:				
Charges for services	1,352,176	94,679,680	100,898	96,132,754
Operating grants and contributions	4,960,819	90,407	300,862	5,352,088
Capital grants and contributions	—	526,790	—	526,790
Net (expense) revenue	567,062	5,261,039	(1,513,404)	4,314,697
General Revenues				
Unrestricted investment earnings	—	—	6,764	6,764
Miscellaneous	—	—	4,896	4,896
Appropriations to component unit	—	—	1,939,923	1,939,923
Total general revenues and transfers	—	—	1,951,583	1,951,583
Change in net assets	567,062	5,261,039	438,179	6,266,280
Net assets-beginning	13,998,024	52,864,015	6,707,301	73,569,340
Net assets-ending	\$ 14,565,086	58,125,054	7,145,480	79,835,620

The notes to the basic financial statements are an integral part of this statement

**CITY OF LAWRENCE, KANSAS**

Statement of Assets and Liabilities  
All Agency Funds

Year Ended December 31, 2003

Assets		
Cash	\$	248,937
Accounts receivable		410
Restricted assets - cash		<u>70,683</u>
Total assets	\$	<u><u>320,030</u></u>
Liabilities		
Accounts payable	\$	249,347
Court bonds payable		<u>70,683</u>
Total liabilities	\$	<u><u>320,030</u></u>

The notes to the basic financial statements are an integral part of this statement



## **City of Lawrence, Kansas**

### **Notes to Basic Financial Statements**

December 31, 2003

#### **(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 basic 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 basic financial statements to emphasize they are legally separate. The more significant of the City's accounting policies are described below.

##### ***A. Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from certain business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

##### ***B. Measurement Focus, Accounting and Financial Statement Presentation***

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as

## City of Lawrence, Kansas

### Notes to Basic Financial Statements

December 31, 2003

expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB opinions, and ARBs.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on fixed assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The City reports the following major governmental funds:

- *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.
- *Debt Service Fund* is used to account for the accumulation of resources and payment of general obligation bond principal, interest and other related costs from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for this payment.
- *Capital Projects Fund* is used to account for financial resources designated for the acquisition or construction of major capital projects other than those financed by proprietary funds.

The City reports the following major proprietary funds:

- *Water and Sewer Fund* is used to account for the operations of the City's water and sewer operations
- *Sanitation Fund* is used to account for the operations of the City's refuse collection service

## **City of Lawrence, Kansas**

### **Notes to Basic Financial Statements**

December 31, 2003

#### ***C. Changes in Accounting Principles***

For fiscal year ended December 31, 2003 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". GASB Statement 34 creates a new set of basic financial statements. GASB Statement 34 requires cities to include government-wide financial statements that are prepared on an accrual basis of accounting using the economic resources measurement focus. The previous requirement for fund financial statements is modified to present information for individual major funds rather than by fund type. Non-major funds are presented as a total in one column. Related GASB Statements 33, 37 and 38 were also adopted.

#### ***D. 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.

#### ***E. 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 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
- City Parks Memorial Fund
- Constant Park Trust Fund
- Cemetery Perpetual Care Fund
- Cemetery Mausoleum Fund
- Housing Trust 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
- City Band Fund

## **City of Lawrence, Kansas**

### **Notes to Basic Financial Statements**

December 31, 2003

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, 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.

#### ***F. Pooled Cash and Investments***

The City maintains a cash and investment pool that is available for use by all funds managed by the city. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments, unless specifically designated, are allocated to the investing fund at maturity based on the percentage of funds invested to total investment. All investments are carried at fair value.

#### ***G. Receivables and Payables***

Accounts Receivable. The City records revenues when services are provided. All receivables are shown net of an allowance for doubtful accounts.

## City of Lawrence, Kansas

### Notes to Basic Financial Statements

December 31, 2003

**Taxes Receivable.** Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and, therefore, are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2004. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the accounting period, and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

#### **H. Fixed Assets**

Fixed assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Fixed assets are defined by the government as assets with an estimated useful life in excess of two years and an initial, individual cost of more than \$5,000 for property plant and equipment, or \$50,000 for infrastructure assets. Such assets are stated at actual or estimated historical cost if purchased or constructed. Donated assets are recorded at fair value at the date of donation. 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
Infrastructure	50-80 years

The cost of normal 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 basic financial statements.

**City of Lawrence, Kansas**

Notes to Basic Financial Statements

December 31, 2003

***I. 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.

***J. 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. All vacation and sick leave is accrued when incurred in the government wide and proprietary fund financial statements.

***K. 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 2003.

***L. Use of Estimates***

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

***M. Deferred Revenue***

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

***N. 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,

## City of Lawrence, Kansas

### Notes to Basic Financial Statements

December 31, 2003

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:

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. 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. 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. 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 Public Library  
707 Vermont  
Lawrence, Kansas 66044

Lawrence Memorial Hospital  
325 Maine  
Lawrence, Kansas 66044

### **(3) Reconciliation of Government-wide and Fund Financial Statements**

#### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$75,204,798 difference are as follows:

## City of Lawrence, Kansas

### Notes to Basic Financial Statements

December 31, 2003

Bonds payable	\$	72,638,936
Notes payable		75,285
Accrued interest payable		906,919
Claims and judgments payable		258,211
Compensated absences		<u>1,325,447</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$	<u><u>75,204,798</u></u>

#### **B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$8,235,855 difference are as follows:

Capital outlay	\$	14,630,885
Depreciation expense		<u>(6,395,030)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$	<u><u>8,235,855</u></u>

Another element of that reconciliation explains that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$9,986,334 difference are as follows:

Debt issued:		
Issuance of general obligation bonds	\$	20,510,000
Principal repayments:		
General obligation debt		(10,507,452)
Notes payable		<u>(16,214)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$	<u><u>9,986,334</u></u>

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$74,472 difference are as follows:



## City of Lawrence, Kansas

### Notes to Basic Financial Statements

December 31, 2003

Compensated absences	\$	(135,115)
Claims and judgments		138,987
Accrued interest		<u>70,600</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets - governmental activities	\$	<u><u>74,472</u></u>

#### (4) 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.

#### (5) Deposits and Investments

*Deposits* – At December 31, 2003 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><u>54,638,742</u></u>
Bank balance	\$ <u><u>54,850,504</u></u>
FDIC insurance	\$ 300,000
Collateral pledged and held at the Federal Reserve in the City's name or at a third-party bank under joint custody	
Agreements	63,218,891
Uncollateralized	<u>-</u>
	\$ <u><u>63,518,891</u></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 not in the city's name. 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

# City of Lawrence, Kansas

## Notes to Basic Financial Statements

December 31, 2003

a monthly basis. State statutes established the Pooled Money Investment Board to oversee the activities of the pool.

Type	Risk Category			Carrying Amount	Fair Value
	1	2	3		
U. S. government securities	\$ —	39,709,634	—	39,709,634	39,709,634
State Treasurer's investment pool				2,072,450	2,072,450
Total				\$ 41,782,084	41,782,084

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

	Primary Government
Petty cash	\$ 4,250
Total deposits, including accrued interest	9,876,486
Cash with fiscal agent	9,933,845
Total investments, including accrued interest	86,544,340
Total	\$ 106,358,921

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

	Primary Government
Cash	\$ 19,494,961
Investments	86,256,881
Accrued interest	287,459
Agency funds	319,620
	\$ 106,358,921

**City of Lawrence, Kansas**

Notes to Basic Financial Statements

December 31, 2003

**(6) Tax Revenue**

Tax revenue for the year ended December 31, 2003 is as follows:

	<b>Primary Government</b>			<b>Total</b>
	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	
Property taxes	\$ 8,189,792	3,215,394	4,409,181	15,814,367
Motor vehicle tax	778,240	407,887	479,021	1,665,148
Payment in lieu of tax	100,044	10,637	14,626	125,307
Utility franchise taxes	3,660,488	-	-	3,660,488
Sales taxes	11,392,376	-	-	11,392,376
 Tax revenue	 \$ <u>24,120,940</u>	 <u>3,633,918</u>	 <u>4,902,828</u>	 <u>32,657,686</u>

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2003 were as follows:

<b>Fund</b>	<b>Levy</b>
Primary government:	
General	\$ 15.949
Library	2.818
Public Transportation	1.762
Recreation	.457
Debt Service	<u>7.111</u>
 Total primary government	 \$ <u>28.097</u>

# City of Lawrence, Kansas

## Notes to Basic Financial Statements

December 31, 2003

### (7) Debt

The following is a summary of long-term debt transactions for the year ended December 31, 2003:

Type of Issue	Beginning Balance	Discount Amortization/ Additions	Reductions	Ending Balance
General obligation bonds, to be paid with:				
Tax levies	\$ 62,636,388	20,510,000	10,507,452	72,638,936
Enterprise revenues	6,083,612	-	597,548	5,486,064
Revenue bonds	10,510,000	-	1,035,000	9,475,000
Long term notes payable	42,693,079	8,979,578	2,126,480	49,546,177
Temporary notes	22,270,000	28,270,000	22,270,000	28,270,000
Capital lease obligations	18,797	-	18,797	-
Claims and judgments payable	1,034,314	-	270,938	763,376
Compensated absences	1,187,869	502,832	-	1,690,701
Total primary government	<u>\$ 146,434,059</u>	<u>58,262,410</u>	<u>36,826,215</u>	<u>167,870,254</u>

Debt payable, other than capital lease obligations, claims and judgments and compensated absences, at December 31, 2003 is composed of the following:

Debt Issue	Date Issued	Interest Rate	Original Amount	Balance At End of Year
Revenue bonds:				
Water and sewerage improvement	1996	4.9-6.9	\$ 6,390,000	\$ 4,435,000
Water and sewerage improvement	1997	4.5-6.5	6,900,000	<u>5,040,000</u>
				<u>9,475,000</u>
Long term notes payable -				
Kansas Partnership Fund	1998	3.50	290,127	75,285
Kansas Public Wastewater Loan	2000	3.19	38,356,483	39,049,419
Kansas Public Water Supply Loan	2001	3.86	6,027,697	5,982,174
Kansas Public Water Supply Loan	2002	3.79	626,337	<u>4,439,299</u>
				<u>49,546,177</u>

# City of Lawrence, Kansas

## Notes to Basic Financial Statements

December 31, 2003

<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:				
Street & internal improvement	1995	4.6-6.25	\$ 3,065,000	\$ 375,000
Street & internal improvement	1995	4.0-6.25	2,445,000	575,000
Internal improvement	1995	4.4-6.2	295,000	60,000
Internal improvement	1996	4.6-6.5	540,000	190,000
Internal improvement	1996	4.8-6.8	16,465,000	10,745,000
Internal improvement	1996	4.8-6.8	390,000	140,000
Internal improvement	1997	4.45-6.45	2,930,000	1,005,000
Internal improvement	1997	4.2-4.7	2,900,000	1,325,000
Internal improvement	1998	3.6-4.4	5,325,000	2,330,000
Internal improvement	1999	3.15-4.2	4,405,000	2,570,000
Internal improvement	1999	4.5-6.0	2,110,000	1,655,000
Internal improvement	1999	7.25-8	2,505,000	2,150,000
Internal improvement	2000	4.875-6.25	2,450,000	2,000,000
Internal improvement	2000	4.25-5.95	2,455,000	1,835,000
Internal improvement	2000	4.5-5.75	560,000	395,000
Internal improvement	2000	4.5-6.5	4,280,000	2,850,000
Refunding	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	2,240,000
Internal improvement	2001	4.375-6.125	2,840,000	1,230,000
Internal improvement	2002	3.5-4.25	8,205,000	7,605,000
Refunding	2002	3.9-4.95	2,115,000	2,115,000
Internal improvement	2002	2.8-3.7	920,000	860,000
Refunding	2003	2.25-4.2	4,270,000	4,270,000
Refunding	2003	2.25-4.2	10,190,000	10,190,000
Internal improvement	2003	2.25-3.6	2,905,000	2,635,000
Internal improvement	2003	2.5-3.8	3,145,000	3,145,000
				<u>78,125,000</u>
Temporary notes:				
Internal improvement	2003	1.50	11,090,000	11,090,000
Internal improvement	2003	2.00	15,375,000	15,375,000
Internal improvement	2003	1.25	1,805,000	<u>1,805,000</u>
				<u>28,270,000</u>
Total primary government				<u><u>\$ 165,416,177</u></u>

In 2003, the City issued \$20,510,000 of general obligation bonds for paying the costs of certain street, building, sanitary sewer, storm water, traffic signal, and other improvements and doing cross-over refundings of the Series 1996-T and 1996-V bonds. The General Obligation Bonds, Series 2003-A, are due in annual installments of \$200,000 to \$865,000 with interest due in semiannual installments at rates of 2.25% to 4.20% through September 1, 2016. The Series 2003-A was issued to refund the Series 1996-T bonds on the call date of September 1, 2004. Series 2003-B is due in annual installments of \$660,000 to \$1,175,000 with interest due in semiannual installments at rates of 2.25% to 4.20% through September 1, 2016. The Series 2003-B was issued to refund the Series 1996-V bonds on the call date of September 1, 2005. The refundings were undertaken to

## **City of Lawrence, Kansas**

### **Notes to Basic Financial Statements**

December 31, 2003

reduce total debt service over the next 12 years by \$989,357 and resulted in an economic gain of \$774,566. Series 2003-C is due in annual installments of \$205,000 to \$280,000 with interest in semiannual installments at rates of 2.25% to 3.60% through September 1, 2014. Series 2003-D is due in annual installments of \$210,000 to \$335,000 with interest in semiannual installments at rates of 2.50% to 3.80% through September 1, 2015.

In 2003, the City issued \$11,090,000 of temporary notes for the purpose of temporarily financing the costs of sanitary sewer construction, intersection improvements, and benefit district projects in the Northwest part of the City. The Temporary Notes, Series 2003-I, bear interest of 1.5% and mature June 1, 2004.

In 2003, the City issued \$15,375,000 of temporary notes for the purpose of temporarily financing the costs of certain street, traffic signal and storm water improvements. The Temporary Notes, Series 2003-II, bear interest of 2.0% and mature October 1, 2004.

In 2003, the City issued \$1,805,000 of temporary notes for the purpose of temporarily financing the costs of airport improvements. The Temporary Notes, Series 2003-III, bear interest of 1.25% and mature October 1, 2004.

The City intends to redeem all temporary notes in 2004 from proceeds of general obligation bonds and/or other temporary notes issued to finance the improvements.

The \$4,270,000 proceeds of the Series 2003-A Bonds were used to refund the Series 1996T Bonds, in the aggregate principal amount of \$4,175,000. This transaction was undertaken to achieve interest cost savings.

The issuance of the Series 2003-A was conducted as a crossover refunding, in which the proceeds of the refunding bonds are placed in an escrow account and invested in government securities. These securities and their earnings are structured to pay interest on the new bonds until the September 1, 2003 call date of the Series 1996T Bonds at which time the escrow account crossed over and prepaid the entire remaining principal of the Series 1996T Bonds. The City continued to pay the originally scheduled debt service on the Series 1996T Bonds until September 1, 2003. After the call date, the City crossed over and has begun making debt service payments on the Series 2003-A Bonds, taking advantage of the lower interest rates.

The refunding resulted in the City realizing future value savings of approximately \$372,000 with a net present value benefit to the City of \$296,000.

The \$10,190,000 proceeds of the Series 2003-B Bonds will be used to refund the Series 1996V Bonds, in the aggregate principal amount of \$9,775,000. This transaction was undertaken to achieve interest cost savings.

The issuance of the Series 2003-B was conducted as a crossover refunding, in which the proceeds of the refunding bonds are placed in an escrow account and invested in government securities. These securities and their earnings are structured to pay interest on the new bonds until the September 1, 2004 call date of the Series 1996V Bonds at which time the escrow account will crossover and prepay all of the remaining principal of the Series 1996V Bonds. The City will continue to pay the originally scheduled debt service on the Series 1996V Bonds until September 1, 2004. After the call date, the City will crossover and begin making debt service payments on the Series 2003-B Bonds, taking advantage of the lower interest rates.

The refunding resulted in the City realizing future value savings of approximately \$617,357 with a net present value benefit to the City of \$478,566.

The Series 2003A and B Bonds have call dates of September 1, 2012; otherwise the last maturity date is September 1, 2016.

**City of Lawrence, Kansas**

Notes to Basic Financial Statements

December 31, 2003

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

<b>Year</b>		<b>Principal Due</b>		<b>Interest Due</b>		<b>Total Due</b>
2004	\$	6,181,306	\$	3,158,334	\$	9,339,640
2005		8,185,211		3,203,260		11,388,471
2006		7,644,159		2,582,172		10,226,331
2007		6,388,588		2,299,358		8,687,946
2008		5,735,075		2,001,112		7,736,187
2009-2013		23,364,597		6,483,760		29,848,357
2014-2018		12,875,000		2,229,418		15,104,418
2019-2020		2,265,000		178,413		2,443,413
Total	\$	<u>72,638,936</u>		<u>22,135,827</u>		<u>94,774,763</u>

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

<b>Year</b>		<b>Principal Due</b>		<b>Interest Due</b>		<b>Total Due</b>
2004	\$	628,694		267,910		896,604
2005		654,789		239,889		894,678
2006		685,841		210,451		896,292
2007		721,412		179,570		900,982
2008		684,925		147,017		831,942
2009-2013		2,110,403		531,246		2,641,649
Total	\$	<u>5,486,064</u>		<u>1,576,083</u>		<u>7,062,147</u>

**City of Lawrence, Kansas**

Notes to Basic Financial Statements

December 31, 2003

*Total general obligation bonds:*

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
2004	\$	6,810,000	3,426,244	10,236,244
2005		8,840,000	3,443,149	12,283,149
2006		8,330,000	2,792,623	11,122,623
2007		7,110,000	2,478,928	9,588,928
2008		6,420,000	2,148,129	8,568,129
2009-2013		25,475,000	7,015,006	32,490,006
2014-2018		12,875,000	2,229,418	15,104,418
2019-2020		2,265,000	178,413	2,443,413
Total	\$	<u>78,125,000</u>	<u>23,711,910</u>	<u>101,836,910</u>

*Revenue bonds:*

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
2004	\$	540,000	494,720	1,034,720
2005		570,000	468,958	1,038,958
2006		600,000	441,338	1,041,338
2007		635,000	411,663	1,046,663
2008		665,000	379,768	1,044,768
2009-2013		3,980,000	1,331,400	5,311,400
2014-2018		2,485,000	242,035	2,727,035
Total	\$	<u>9,475,000</u>	<u>3,769,882</u>	<u>13,244,882</u>

*Long-term notes payable:*

<b>Year</b>		<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
2004	\$	16,787	2,489	19,276
2005		17,380	1,897	19,277
2006		17,993	1,283	19,276
2007		18,629	648	19,277
2008		4,496	79	4,575
Total	\$	<u>75,285</u>	<u>6,396</u>	<u>81,681</u>



## City of Lawrence, Kansas

### Notes to Basic Financial Statements

December 31, 2003

The 2000 Kansas Wastewater Loan in the amount of \$39,049,419 is a partial draw on a loan commitment of \$46,093,953. The 2001 Kansas Water Supply Loan in the amount of \$5,982,174 is a partial draw on a loan commitment of \$7,000,000. The 2002 Kansas Water Supply Loan in the amount of \$4,439,299 is a partial draw on a loan commitment of \$5,620,015. Amortization of these loans will be determined when the draws are complete.

*Temporary notes:*

Year	Principal Due	Interest Due	Total Due
2003	\$ 28,270,000	384,820	28,654,820

The Water and Sewage System Revenue Bonds 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. The City is in compliance with all requirements.

**Conduit Debt:** The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. At December 31, 2003, total outstanding conduit debt was \$52,100,000.

### 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:

Type of Issue	Beginning Balance	Discount Amortization/ Additions	Reductions	Ending Balance
Revenue bonds	\$ 29,927,610	17,020,481	13,751,829	33,196,262
Retirement Plan Obligation	1,536,492	-	219,092	1,317,400
Capital lease obligations	2,891,226	-	915,106	1,976,120
Total Lawrence Memorial Hospital	\$ 34,355,328	17,020,481	14,886,027	36,489,782

# City of Lawrence, Kansas

## Notes to Basic Financial Statements

December 31, 2003

The City has issued Series 1997, Series 1999 and Series 2003 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 therefore or to make any appropriation for their payment.

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance at End of Year</u>
Revenue bonds:			
Series 1997	5.00-5.35	\$ 8,000,000	\$ 6,785,000
Series 1999	5.00-6.00	10,180,000	9,495,000
Series 2003	2.50-5.38	17,450,000	17,450,000
Unamortized discounts			(533,738)
			<u>\$ 33,196,262</u>

Annual debt service requirements for hospital revenue bonds as of December 31, 2003 are as follows:

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2004	\$ 965,000	1,502,228	2,467,228
2005	1,355,000	1,652,294	3,007,294
2006	1,410,000	1,594,959	3,004,959
2007	1,455,000	1,545,218	3,000,218
2008	1,505,000	1,489,861	2,994,861
2009-2013	8,715,000	6,319,382	15,034,382
2014-2018	11,240,000	3,743,219	14,983,219
2019-2023	6,335,000	945,575	7,280,575
2024-2028	750,000	21,425	771,425
Total	<u>\$ 33,730,000</u>	<u>18,814,161</u>	<u>52,544,161</u>

Arbitrage – The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The City has no arbitrage liability for tax-exempt debt as of December 31, 2003.

# City of Lawrence, Kansas

## Notes to Basic Financial Statements

December 31, 2003

### (8) Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,740,454	143,703	-	12,884,157
Construction in progress	7,819,203	10,506,605	(388,656)	17,937,152
Total capital assets, not being depreciated	20,559,657	10,650,308	(388,656)	30,821,309
Capital assets, being depreciated:				
Buildings	45,724,616	366,820	(2,577)	46,088,859
Improvements other than buildings	19,238,194	-	-	19,238,194
Machinery and equipment	20,856,917	1,231,834	(114,488)	21,974,263
Infrastructure	118,079,342	2,786,948	-	120,866,290
Total capital assets being depreciated	203,899,069	4,385,602	(117,065)	208,167,606
Less accumulated depreciation for:				
Buildings	14,529,372	1,481,623	(1,168)	16,009,827
Improvements other than buildings	3,032,229	848,639	-	3,880,868
Machinery and equipment	13,045,487	1,909,519	(99,528)	14,855,478
Infrastructure	35,477,240	2,170,409	-	37,647,649
Total accumulated depreciation	66,084,328	6,410,190	(100,696)	72,393,822
Total capital assets, being depreciated, net	137,814,741	(2,024,588)	(16,369)	135,773,784
Governmental activities capital assets, net	\$ 158,374,398	8,625,720	(405,025)	166,595,093
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,109,510	374,612	-	2,484,122
Construction in progress	58,814,753	14,413,440	(13,307,317)	59,920,876
Total capital assets, not being depreciated	60,924,263	14,788,052	(13,307,317)	62,404,998
Capital assets, being depreciated:				
Buildings	10,295,854	7,782,065	(2,715)	18,075,204
Improvements other than buildings	98,903,344	3,248,458	-	102,151,802
Machinery and equipment	12,135,741	1,077,184	(382,839)	12,830,086
Total capital assets being depreciated	121,334,939	12,107,707	(385,554)	133,057,092
Less accumulated depreciation for:				
Buildings	6,704,132	529,684	(1,230)	7,232,586
Improvements other than buildings	26,151,431	3,104,284	-	29,255,715
Machinery and equipment	7,597,176	1,151,108	(366,928)	8,381,356
Total accumulated depreciation	40,452,739	4,785,076	(368,158)	44,869,657
Total capital assets, being depreciated, net	80,882,200	7,322,631	(17,396)	88,187,435
Governmental activities capital assets, net	\$ 141,806,463	22,110,683	(13,324,713)	150,592,433

## City of Lawrence, Kansas

### Notes to Basic Financial Statements

December 31, 2003

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

Governmental activities:		
General government	\$	137,085
Public safety		749,848
Public works		4,946,255
Health		12,506
Social services		
Culture and recreation		430,352
Tourism		3,208
Airport		115,776
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>15,160</u>
Total depreciation expense - governmental activities:	\$	<u><u>6,410,190</u></u>
Business-type activities:		
Water & sewer	\$	3,604,691
Sanitation		609,304
Parking		181,857
Stormwater		161,805
Golf course		<u>227,419</u>
	\$	<u><u>4,785,076</u></u>

#### (9) 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 2003 was 3.67% from January 1 to June 30 and 3.07% from July 1 to December 31. The City's employer contributions to KPERS for the years ending December 31, 2003, 2002, and 2001 were \$585,964, \$491,007, and \$432,913, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2003 is 7.45%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2003, 2002, and 2001 were \$1,032,780, \$1,028,854, and \$964,330, respectively, equal to the required contributions for each year.

**City of Lawrence, Kansas**

Notes to Basic Financial Statements

December 31, 2003

**(10) Interfund Transactions**

***Interfund Transfers***

A summary of transfers for the year ended December 31, 2003 follows:

<u>Receiving Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 1,195,000	3,772,000
Special Revenue Funds:		
Guest Tax	-	31,200
Library Fund	-	100,000
Recreation	1,000,000	-
Transportation Fund	-	400,000
Airport Reserve	15,000	-
Capital Improvement Reserve	100,000	-
Equipment Reserve	400,000	-
Guest Tax Reserve	31,200	-
Liability Reserve	50,000	-
Sales Tax Reserve	2,547,000	401,189
Workers Comp Reserve	250,000	-
Housing Trust Fund	10,000	-
	<u>4,403,200</u>	<u>932,389</u>
Bond & Interest Fund	<u>401,189</u>	<u>-</u>
Enterprise Funds:		
Water and Sewer System	-	1,160,500
Sanitation	-	187,500
Storm Water Utility	-	90,000
Golf Course	150,000	-
	<u>150,000</u>	<u>1,438,000</u>
Internal Service – Central Maintenance	<u>-</u>	<u>7,000</u>
	<u>\$ 6,149,389</u>	<u>6,149,389</u>

The City uses interfund transfers both to share administrative costs between funds and to build reserve balances in certain special liability funds.

**City of Lawrence, Kansas**

Notes to Basic Financial Statements

December 31, 2003

***Interfund Receivables and Payables***

At December 31, 2003, the following funds had interfund receivables and payables to the following funds:

<u>Due From</u>	<u>General Fund</u>
Special Revenue Funds:	
Library	\$ 32,000
Law Enforcement Block Grant	12,000
Outside Agency	100,000
Fair Housing Grant	30,000
Community Development	82,000
Home Program	69,000
Transportation Planning	37,000
Totals	\$ <u>362,000</u>

**(11) Commitments and Contingencies**

**A. Contract Commitments**

At December 31, 2003, the City had construction contract commitments totaling approximately \$6,561,000. The City expects to receive the contracted services during fiscal year 2004.

**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 \$2,159,277 at December 31, 2003 and is reported as a designation of the Governmental Fund Revenue fund balance. The primary government's claims liability reported in the Statement of Net Assets at December 31, 2003 was \$763,376. The liability reported in the financial statements at December 31, 2003 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.

**Employee Health Care:** The City has established a program to pay medical claims of covered current and former City employees and additional health insurance premiums. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to

# City of Lawrence, Kansas

## Notes to Basic Financial Statements

December 31, 2003

be liquidated with expendable available resources. This program is accounted for in an internal service fund.

	<u>2003</u>	<u>2002</u>
Unpaid claims, January 1	\$ 594,674	648,475
Incurred claims (including IBNRs)	3,312,157	3,529,320
Claim payments	<u>3,443,960</u>	<u>3,583,121</u>
Unpaid claims, December 31	\$ <u><u>462,871</u></u>	<u><u>594,674</u></u>

### (12) Fund Deficit

At December 31, 2003, the Capital Project Fund had a deficit of \$390,330. The deficit is a result of multiple projects currently financed through temporary notes. In addition, the Home Program and Transportation Planning Funds had deficits respectively of \$69 and \$24,424. The deficits are a result of program expenditures for which reimbursements have not yet been requested. Also, the Golf Course Fund had a deficit of \$94,911 due to an excess of expenses not covered by revenues.

### (13) Prior Year Restatements

The impact of GASB 34 restatements as discussed in Note 1.C on the governmental funds is as follows:

Fund Balance at December 31, 2002	
of Governmental Fund Types	\$ 25,036,680
Accrued interest	(977,519)
Deferred revenues	25,077,588
Compensated absences	(1,190,332)
Claims payable	(397,198)
Internal service effects	992,851
Capital assets net of depreciation	158,310,316
Long-term liabilities	<u>(62,727,887)</u>
Governmental Activities Net Assets	
at December 31, 2002	\$ <u><u>144,124,499</u></u>

The impact of GASB 34 restatements and others as discussed in Note 1.C on the proprietary funds is as follows:

Fund Equity at December 31, 2002	
of Enterprise Funds	\$ 119,251,010
Internal service effects	<u>641,886</u>
Business-type Activities Net Assets	
at December 31, 2002	\$ <u><u>119,892,896</u></u>

### **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.



## **Nonmajor Governmental Funds**

### **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).

*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).

*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).

*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).

*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).

# CITY OF LAWRENCE, KANSAS

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2003

Assets	Special Revenue															
	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	Law Enforcement Grant	Workers' Compensation Reserve	City Parks Memorial
Cash	\$ 48,135	14	91,144	27,302	195,303	23,377	59,760	17,794	255,349	414,496	19,417	83,297	823,342	381	128,720	3,925
Investments	84,960	259,972	1,650,317	684,842	79,947	500,000	229,784	10,000	2,990,174	1,762,801	34,959	1,205,161	1,918,887	—	734,981	30,000
Receivables:																
Taxes	—	1,720,927	1,078,100	279,458	—	—	—	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—	—	—	27,821	—	—
Accounts	—	—	221	2,306	—	—	—	382	—	133,894	—	—	—	—	—	—
Loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accrued interest	—	—	—	—	—	—	—	—	14,133	6,126	148	3,992	6,805	—	2,529	45
Total assets	<u>\$ 133,095</u>	<u>1,980,913</u>	<u>2,819,782</u>	<u>993,908</u>	<u>275,250</u>	<u>523,377</u>	<u>289,544</u>	<u>28,176</u>	<u>3,259,656</u>	<u>2,317,317</u>	<u>54,524</u>	<u>1,292,450</u>	<u>2,749,034</u>	<u>28,202</u>	<u>866,230</u>	<u>33,970</u>
<b>Liabilities and Fund Balances</b>																
Liabilities:																
Accounts payable	\$ —	—	190	25,928	519	736	144	—	—	—	—	—	4,466	—	—	—
Accrued payroll	—	—	2,582	82,232	—	60,743	—	—	—	—	—	—	—	—	—	—
Accrued vacation/sick pay	—	—	5,918	76,873	—	67,339	—	—	—	—	—	—	—	—	—	—
Due to other funds	—	32,000	—	—	—	—	—	—	—	—	—	—	—	12,000	—	—
Deferred revenue	—	1,901,608	1,189,233	310,938	—	—	—	382	—	2,948	—	—	—	—	—	—
Total liabilities	<u>—</u>	<u>1,933,608</u>	<u>1,197,923</u>	<u>495,971</u>	<u>519</u>	<u>128,818</u>	<u>144</u>	<u>382</u>	<u>—</u>	<u>2,948</u>	<u>—</u>	<u>—</u>	<u>4,466</u>	<u>12,000</u>	<u>—</u>	<u>—</u>
Fund balances:																
Reserved for encumbrances	—	—	91,772	54,309	—	98,344	64,012	—	—	—	—	—	—	—	—	—
Reserved for loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reserved for donor restriction	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Unreserved:																
Designated for losses	—	—	—	—	—	—	—	—	—	—	—	1,292,450	—	—	866,230	—
Undesignated	133,095	47,305	1,530,087	443,628	274,731	296,215	225,388	27,794	3,259,656	2,314,369	54,524	—	2,744,568	16,202	—	33,970
Total fund balances	<u>133,095</u>	<u>47,305</u>	<u>1,621,859</u>	<u>497,937</u>	<u>274,731</u>	<u>394,559</u>	<u>289,400</u>	<u>27,794</u>	<u>3,259,656</u>	<u>2,314,369</u>	<u>54,524</u>	<u>1,292,450</u>	<u>2,744,568</u>	<u>16,202</u>	<u>866,230</u>	<u>33,970</u>
Total liabilities and fund balances	<u>\$ 133,095</u>	<u>1,980,913</u>	<u>2,819,782</u>	<u>993,908</u>	<u>275,250</u>	<u>523,377</u>	<u>289,544</u>	<u>28,176</u>	<u>3,259,656</u>	<u>2,317,317</u>	<u>54,524</u>	<u>1,292,450</u>	<u>2,749,034</u>	<u>28,202</u>	<u>866,230</u>	<u>33,970</u>

(Continued)

# CITY OF LAWRENCE, KANSAS

## Combining Balance Sheet Nonmajor Governmental Funds, Continued December 31, 2003

Assets	Special Revenue													Total Nonmajor Governmental Funds
	Constant Park Trust	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship	Fair Housing Assistance	Community Development	Rehabilitation Escrow	Home Program	Transportation Planning	Law Enforcement Trust	City Band	
Cash	\$ 1,996	73	4,028	8,997	288	7,977	455	511	687	560	56	53,133	7,211	2,277,728
Investments	—	45,983	—	529,636	—	24,996	25,045	—	—	—	—	—	10,019	12,812,464
Receivables:														
Taxes	—	—	—	—	—	—	—	—	—	—	—	—	—	3,078,485
Intergovernmental	—	—	—	—	350,512	—	80,938	490,000	—	68,371	18,724	—	—	1,036,366
Accounts	—	—	—	—	68,233	—	—	1,774	—	—	—	—	—	206,810
Loans	—	—	—	—	—	—	—	229,359	—	—	—	—	—	229,359
Accrued interest	—	203	—	1,751	—	136	141	—	—	—	—	—	55	36,064
Total assets	<u>\$ 1,996</u>	<u>46,259</u>	<u>4,028</u>	<u>540,384</u>	<u>419,033</u>	<u>33,109</u>	<u>106,579</u>	<u>721,644</u>	<u>687</u>	<u>68,931</u>	<u>18,780</u>	<u>53,133</u>	<u>17,285</u>	<u>19,677,276</u>
<b>Liabilities and Fund Balances</b>														
Liabilities:														
Accounts payable	\$ —	—	—	—	1,047	—	1,954	48,768	90	—	—	10	—	83,852
Accrued payroll	—	—	—	—	30,432	—	2,315	13,817	—	—	3,608	—	—	195,729
Accrued vacation/sick pay	—	—	—	—	44,653	—	635	11,834	—	—	2,596	—	—	209,848
Due to other funds	—	—	—	—	100,000	—	30,000	82,000	—	69,000	37,000	—	—	362,000
Deferred revenue	—	—	—	—	68,233	—	—	491,774	—	—	—	—	—	3,965,116
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>244,365</u>	<u>—</u>	<u>34,904</u>	<u>648,193</u>	<u>90</u>	<u>69,000</u>	<u>43,204</u>	<u>10</u>	<u>—</u>	<u>4,816,545</u>
Fund balances:														
Reserved for encumbrances	—	—	—	—	—	—	—	—	—	—	—	—	—	308,437
Reserved for loans	—	—	—	—	—	—	—	229,359	—	—	—	—	—	229,359
Reserved for donor restriction	—	22,000	1,000	—	—	—	—	—	—	—	—	—	—	23,000
Unreserved:														
Designated for losses	—	—	—	—	—	—	—	—	597	—	—	—	—	2,159,277
Undesignated	1,996	24,259	3,028	540,384	174,668	33,109	71,675	(155,908)	—	(69)	(24,424)	53,123	17,285	12,140,658
Total fund balances	<u>1,996</u>	<u>46,259</u>	<u>4,028</u>	<u>540,384</u>	<u>174,668</u>	<u>33,109</u>	<u>71,675</u>	<u>73,451</u>	<u>597</u>	<u>(69)</u>	<u>(24,424)</u>	<u>53,123</u>	<u>17,285</u>	<u>14,860,731</u>
Total liabilities and fund balances	<u>\$ 1,996</u>	<u>46,259</u>	<u>4,028</u>	<u>540,384</u>	<u>419,033</u>	<u>33,109</u>	<u>106,579</u>	<u>721,644</u>	<u>687</u>	<u>68,931</u>	<u>18,780</u>	<u>53,133</u>	<u>17,285</u>	<u>19,677,276</u>

See independent auditor's report on the basic financial statements.

# CITY OF LAWRENCE, KANSAS

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

Year ended December 31, 2003

	Special Revenue															
	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	Law Enforcement Grant	Workers' Compensation Reserve	City Parks Memorial
Revenues:																
Taxes	\$ —	2,044,569	941,542	647,807	—	—	—	—	—	—	—	—	—	—	—	—
Charges for services	—	—	133,171	1,251,035	—	—	—	6,880	—	—	—	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	64,049	28,653	907	22,243	57,690	—	13,434	239
Intergovernmental	560,410	—	—	—	518,024	2,391,833	518,024	—	—	—	—	—	500	71,973	—	—
Miscellaneous	—	—	120	108,117	—	—	—	19,938	13,803	35,857	1,174	—	24,500	—	40,000	17,235
Total revenues	560,410	2,044,569	1,074,833	2,006,959	518,024	2,391,833	518,024	26,818	77,852	64,510	2,081	22,243	82,690	71,973	53,434	17,474
Expenditures:																
General government	—	—	1,097,384	—	—	—	—	—	—	—	—	54,112	—	—	297,761	—
Public safety	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public works	—	—	—	—	—	2,526,669	—	30,372	—	—	—	—	—	—	—	—
Health	—	—	—	—	461,166	—	—	—	—	—	—	—	—	—	—	—
Social services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	2,787,197	—	—	580,773	—	—	—	—	—	—	—	—	5,812
Tourism	448,800	—	—	—	—	—	—	—	—	—	38,045	—	—	—	—	—
Capital outlay	—	—	—	27,886	—	235,839	78,495	—	422,431	92,003	—	—	261,012	86,330	—	—
Debt service:																
Principal retirement	—	—	—	—	—	—	—	—	—	—	—	—	1,371,435	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	—	—	—	—	—	723,106	—	—	—
Total expenditures	448,800	—	1,097,384	2,815,083	461,166	2,762,508	659,268	30,372	422,431	92,003	38,045	54,112	2,355,553	86,330	297,761	5,812
Excess (deficiency) of revenues over (under) expenditures	111,610	2,044,569	(22,551)	(808,124)	56,858	(370,675)	(141,244)	(3,554)	(344,579)	(27,493)	(35,964)	(31,869)	(2,272,863)	(14,357)	(244,327)	11,662
Other financing sources (uses):																
Transfers in	—	—	—	1,000,000	—	—	—	15,000	100,000	400,000	31,200	50,000	2,547,000	—	250,000	—
Transfers out	(31,200)	(100,000)	(400,000)	—	—	—	—	—	—	—	—	—	(401,189)	—	—	—
Appropriations to component units	—	(1,939,923)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	(31,200)	(2,039,923)	(400,000)	1,000,000	—	—	—	15,000	100,000	400,000	31,200	50,000	2,145,811	—	250,000	—
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	80,410	4,646	(422,551)	191,876	56,858	(370,675)	(141,244)	11,446	(244,579)	372,507	(4,764)	18,131	(127,052)	(14,357)	5,673	11,662
Fund balance, beginning of year	52,685	42,659	2,044,410	306,061	217,873	765,234	430,644	16,348	3,504,235	1,941,862	59,288	#####	2,871,620	30,559	860,557	22,308
Fund balance, end of year	\$ 133,095	47,305	1,621,859	497,937	274,731	394,559	289,400	27,794	3,259,656	2,314,369	54,524	#####	2,744,568	16,202	866,230	33,970

(Continued)

# CITY OF LAWRENCE, KANSAS

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds, Continued

Year ended December 31, 2003

	Special Revenue													Total
	Constant Park Trust	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship	Fair Housing Assistance	Community Development	Rehabilitation Escrow	Home Program	Transportation Planning	Law Enforcement Trust	City Band	Nonmajor Governmental Funds
Revenues:														
Taxes	\$ —	—	—	—	—	—	—	—	—	—	—	—	—	3,633,918
Charges for services	—	—	—	—	—	—	—	—	—	—	—	—	—	1,391,086
Interest	—	756	—	8,921	—	456	2,192	—	—	—	—	—	244	199,784
Intergovernmental	—	—	—	—	2,440,824	—	205,079	1,619,652	—	631,749	69,134	—	—	9,027,202
Miscellaneous	—	—	—	—	83,399	3,171	—	156,076	—	106,275	—	3,449	4,000	617,114
Total revenues	—	756	—	8,921	2,524,223	3,627	207,271	1,775,728	—	738,024	69,134	3,449	4,244	14,869,104
Expenditures:														
General government	—	—	—	53,371	1,477,567	—	188,064	—	—	—	73,463	—	—	3,241,722
Public safety	—	—	—	—	868,244	—	—	—	—	—	—	11,659	—	879,903
Public works	—	—	—	—	—	—	—	—	—	—	—	—	—	2,557,041
Health	—	—	—	—	99,268	—	—	—	—	—	—	—	—	560,434
Social services	—	—	—	—	—	—	—	1,841,607	—	738,024	—	—	—	2,579,631
Culture and recreation	—	—	—	—	—	—	—	—	—	—	—	—	3,500	3,377,282
Tourism	—	—	—	—	—	—	—	—	—	—	—	—	—	486,845
Capital outlay	—	—	—	—	—	—	6,250	—	—	—	—	25,396	—	1,235,642
Debt service:														
Principal retirement	—	—	—	—	—	—	—	—	—	—	—	—	—	1,371,435
Interest and fiscal charges	—	—	—	—	—	—	—	—	—	—	—	—	—	723,106
Total expenditures	—	—	—	53,371	2,445,079	—	194,314	1,841,607	—	738,024	73,463	37,055	3,500	17,013,041
Excess (deficiency) of revenues over (under) expenditures	—	756	—	(44,450)	79,144	3,627	12,957	(65,879)	—	—	(4,329)	(33,606)	744	(2,143,937)
Other financing sources (uses):														
Transfers in	—	—	—	10,000	—	—	—	—	—	—	—	—	—	4,403,200
Transfers out	—	—	—	—	—	—	—	—	—	—	—	—	—	(932,389)
Appropriations to component units	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,939,923)
Total other financing sources (uses)	—	—	—	10,000	—	—	—	—	—	—	—	—	—	1,530,888
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	—	756	—	(34,450)	79,144	3,627	12,957	(65,879)	—	—	(4,329)	(33,606)	744	(613,049)
Fund balance, beginning of year	1,996	45,503	4,028	574,834	95,524	29,482	58,718	139,330	597	(69)	(20,095)	86,729	16,541	15,473,780
Fund balance, end of year	\$ 1,996	46,259	4,028	540,384	174,668	33,109	71,675	73,451	597	(69)	(24,424)	53,123	17,285	14,860,731

See independent auditor's report on the basic financial statements.

**CITY OF LAWRENCE, KANSAS**

Bond & Interest Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

Year Ended December 31, 2003  
(With Comparative Actual Amounts for 2002)

	<b>2003</b>			<b>Variance</b>	
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2002 Actual</b>
Revenues:					
Taxes	\$ 4,847,206	4,847,206	4,902,828	55,622	4,580,759
Special assessments	600,000	600,000	1,369,411	769,411	640,943
Interest	200,000	200,000	141,182	(58,818)	252,804
Intergovernmental	—	—	—	—	18,448
Miscellaneous	5,000	5,000	911,205	906,205	115,577
Total revenues	<u>5,652,206</u>	<u>5,652,206</u>	<u>7,324,626</u>	<u>1,672,420</u>	<u>5,608,531</u>
Expenditures:					
Principal retirement	6,005,000	6,005,000	4,961,017	1,043,983	4,122,832
Interest and fiscal charges	<u>3,676,412</u>	<u>3,676,412</u>	<u>2,246,284</u>	<u>1,430,128</u>	<u>2,117,164</u>
Total expenditures	<u>9,681,412</u>	<u>9,681,412</u>	<u>7,207,301</u>	<u>2,474,111</u>	<u>6,239,996</u>
Excess (deficiency) of revenues over (under) expenditures	(4,029,206)	(4,029,206)	117,325	4,146,531	(631,465)
Other financing sources – transfers in	<u>—</u>	<u>—</u>	<u>401,189</u>	<u>401,189</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ <u>(4,029,206)</u>	<u>(4,029,206)</u>	518,514	<u>4,547,720</u>	(631,465)
Fund balance, beginning of year			7,006,605		7,638,070
Net change in reserve for encumbrances			<u>12,550</u>		
Fund balance, end of year			\$ <u><u>7,537,669</u></u>		<u><u>7,006,605</u></u>

See independent auditor's report on the basic financial statements

**CITY OF LAWRENCE, KANSAS**

Guest Tax Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

Year Ended December 31, 2003  
(With Comparative Actual Amounts for 2002)

	<b>2003</b>			<b>Variance</b>	<b>2002</b>
	<b><u>Original</u></b>	<b><u>Revised</u></b>	<b><u>Actual</u></b>	<b><u>Positive</u></b>	<b><u>2002</u></b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>		<b><u>(Negative)</u></b>	<b><u>Actual</u></b>
Revenues – intergovernmental	\$ <u>480,000</u>	<u>480,000</u>	<u>560,410</u>	<u>80,410</u>	<u>445,659</u>
Expenditures:					
Tourism – contractual services	<u>448,800</u>	<u>448,800</u>	<u>448,800</u>	<u>—</u>	<u>402,050</u>
Excess (deficiency) of revenues over (under) expenditures	31,200	31,200	111,610	80,410	43,609
Other financing (uses) – transfers out	<u>(31,200)</u>	<u>(31,200)</u>	<u>(31,200)</u>	<u>—</u>	<u>(27,950)</u>
Excess (deficiency) of revenues over (under) expenditures and other use \$	<u>—</u>	<u>—</u>	80,410	<u>80,410</u>	15,659
Fund balance, beginning of year			<u>52,685</u>		<u>37,026</u>
Fund balance, end of year			\$ <u><u>133,095</u></u>		<u><u>52,685</u></u>

See independent auditor's report on the basic financial statements



**CITY OF LAWRENCE, KANSAS**

**Library Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual**

Year Ended December 31, 2003  
(With Comparative Actual Amounts for 2002)

	<b>2003</b>			<b>Variance Positive (Negative)</b>	<b>2002 Actual</b>
	<b><u>Original Budget</u></b>	<b><u>Revised Budget</u></b>	<b><u>Actual</u></b>		
Revenues – taxes	\$ <u>2,012,523</u>	<u>2,012,523</u>	<u>2,044,569</u>	<u>32,046</u>	<u>1,897,138</u>
Other financing uses					
Transfers out	200,000	200,000	100,000	100,000	200,000
Appropriations to component units	<u>1,839,923</u>	<u>1,839,923</u>	<u>1,939,923</u>	<u>(100,000)</u>	<u>1,693,319</u>
Total other financing uses	<u>2,039,923</u>	<u>2,039,923</u>	<u>2,039,923</u>	<u>—</u>	<u>1,893,319</u>
Excess (deficiency) of revenues over (under) expenditures and other us \$	<u>(27,400)</u>	<u>(27,400)</u>	4,646	<u>32,046</u>	3,819
Fund balance, beginning of year			<u>42,659</u>		<u>38,840</u>
Fund balance, end of year			\$ <u>47,305</u>		<u>42,659</u>

See independent auditor's report on the basic financial statements

**CITY OF LAWRENCE, KANSAS**

Transportation Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

Year Ended December 31, 2003  
(With Comparative Actual Amounts for 2002)

	<b>2003</b>			<b>Variance Positive (Negative)</b>	<b>2002 Actual</b>
	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>		
Revenues:					
Taxes	\$ 922,462	922,462	941,542	19,080	1,627,902
Charges for services	95,000	95,000	133,171	38,171	125,876
Miscellaneous	—	—	120	120	—
Total revenues	<u>1,017,462</u>	<u>1,017,462</u>	<u>1,074,833</u>	<u>57,371</u>	<u>1,753,778</u>
Expenditures:					
General government					
Personal services	55,475	55,902	51,843	4,059	52,379
Contractual service	1,728,980	1,728,078	998,912	729,166	949,216
Commodities	4,000	4,475	471	4,004	5,431
Capital outlay	5,000	5,000	—	5,000	(7,761)
Total expenditures	<u>1,793,455</u>	<u>1,793,455</u>	<u>1,051,226</u>	<u>742,229</u>	<u>999,265</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (775,993)	(775,993)	23,607	799,600	754,513
Other financing uses – transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures and other use	\$ <u>(1,175,993)</u>	<u>(1,175,993)</u>	(376,393)	<u>799,600</u>	754,513
Fund balance, beginning of year			2,044,410		1,438,504
Net change in reserve for encumbrances			<u>(46,158)</u>		<u>(148,607)</u>
Fund balance, end of year			\$ <u>1,621,859</u>		<u>2,044,410</u>

See independent auditor's report on the basic financial statements

**CITY OF LAWRENCE, KANSAS**

Recreation Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

Year Ended December 31, 2003  
(With Comparative Actual Amounts for 2002)

	<b>2003</b>				
	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2002 Actual</b>
Revenues:					
Taxes	\$ 647,456	647,456	647,807	351	410,085
Charges for services	1,267,855	1,272,855	1,251,035	(21,820)	1,222,691
Miscellaneous	94,262	89,262	108,117	18,855	101,660
Total revenues	<u>2,009,573</u>	<u>2,009,573</u>	<u>2,006,959</u>	<u>(2,614)</u>	<u>1,734,436</u>
Expenditures:					
Culture and recreation:					
Personal services	2,446,047	2,400,073	2,226,246	173,827	2,102,286
Contractual service	357,452	393,948	349,111	44,837	271,980
Commodities	206,612	244,911	234,275	10,636	179,768
Capital outlay	68,054	39,233	27,886	11,347	45,048
Other	—	—	35	(35)	—
Total expenditures	<u>3,078,165</u>	<u>3,078,165</u>	<u>2,837,553</u>	<u>240,612</u>	<u>2,599,082</u>
Excess (deficiency) of revenues over (under) expenditures	(1,068,592)	(1,068,592)	(830,594)	237,998	(864,646)
Other financing sources – transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>—</u>	<u>922,573</u>
Excess (deficiency) of revenues over (under) expenditures and other uses: \$	<u>(68,592)</u>	<u>(68,592)</u>	169,406	<u>237,998</u>	57,927
Fund balance, beginning of year			306,061		239,603
Net change in reserve for encumbrances			<u>22,470</u>		<u>8,531</u>
Fund balance, end of year			\$ <u>497,937</u>		<u>306,061</u>

See independent auditor's report on the basic financial statements

**CITY OF LAWRENCE, KANSAS**

Special Alcohol Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

Year Ended December 31, 2003  
(With Comparative Actual Amounts for 2002)

	<b>2003</b>				
	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2002 Actual</b>
Revenues – intergovernmental	\$ 466,000	466,000	518,024	52,024	482,942
Expenditures:					
Health:					
Personal services	—	—	—	—	(7,219)
Contractual service	550,000	550,000	459,076	90,924	458,651
Commodities	—	—	1,090	(1,090)	—
Other	15,000	15,000	1,000	14,000	—
Total expenditures	565,000	565,000	461,166	103,834	451,432
Excess (deficiency) of revenues over (under) expenditures	\$ (99,000)	(99,000)	56,858	155,858	31,510
Fund balance, beginning of year			217,873		186,921
Net change in reserve for encumbrances			—		(558)
Fund balance, end of year			\$ 274,731		217,873

See independent auditor's report on the basic financial statements

**CITY OF LAWRENCE, KANSAS**

Special Gas Tax Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

Year Ended December 31, 2003  
(With Comparative Actual Amounts for 2002)

	<b>2003</b>			<b>Variance Positive (Negative)</b>	<b>2002 Actual</b>
	<b><u>Original Budget</u></b>	<b><u>Revised Budget</u></b>	<b><u>Actual</u></b>		
Revenues					
Intergovernmental	\$ 2,573,500	2,573,500	2,391,833	(181,667)	2,562,487
Miscellaneous	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,456</u>
Total revenues	<u>2,573,500</u>	<u>2,573,500</u>	<u>2,391,833</u>	<u>(181,667)</u>	<u>2,579,943</u>
Expenditures:					
Public works:					
Personal services	1,341,014	1,350,445	1,288,400	62,045	1,172,121
Contractual service	1,500	1,500	560	940	618
Commodities	1,350,200	1,358,031	1,155,783	202,248	1,320,391
Capital outlay	<u>342,000</u>	<u>324,738</u>	<u>235,839</u>	<u>88,899</u>	<u>322,100</u>
Total expenditures	<u>3,034,714</u>	<u>3,034,714</u>	<u>2,680,582</u>	<u>354,132</u>	<u>2,815,230</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(461,214)</u>	<u>(461,214)</u>	(288,749)	<u>172,465</u>	(235,287)
Fund balance, beginning of year			765,234		902,521
Net change in reserve for encumbrances			<u>(81,926)</u>		<u>98,000</u>
Fund balance, end of year			\$ <u>394,559</u>		<u>765,234</u>

See independent auditor's report on the basic financial statements

**CITY OF LAWRENCE, KANSAS**

Special Recreation Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual

Year Ended December 31, 2003  
(With Comparative Actual Amounts for 2002)

	<b>2003</b>			<b>Variance</b>	
	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2002 Actual</b>
Revenues – intergovernmental	\$ 466,000	466,000	518,024	52,024	482,942
Expenditures:					
Culture and recreation:					
Personal services	36,600	40,600	40,600	—	37,582
Contractual service	232,800	268,008	383,927	(115,919)	245,580
Commodities	31,500	75,554	131,585	(56,031)	26,301
Capital outlay	340,028	262,064	78,495	183,569	152,384
Other	30,000	24,702	550	24,152	1,900
Total expenditures	670,928	670,928	635,157	35,771	463,747
Excess (deficiency) of revenues over (under) expenditures	\$ (204,928)	(204,928)	(117,133)	87,795	19,195
Fund balance, beginning of year			430,644		356,881
Net change in reserve for encumbrances			(24,111)		54,568
Fund balance, end of year			\$ 289,400		430,644

See independent auditor's report on the basic financial statements

## **NONMAJOR PROPRIETARY FUNDS**

### **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.

*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 Nonmajor Proprietary Funds December 31, 2003

Assets	Public Parking	Storm Water Utility	Golf Course	Total Nonmajor Enterprise Funds
Current assets:				
Cash	\$ 110,783	245,713	144,376	500,872
Investments	429,913	1,480,174	20,000	1,930,087
Receivables:				
Accounts (net of allowance of \$84,045)	22,648	171,138	79	193,865
Accrued interest	1,544	6,611	28	8,183
Inventories	—	—	42,240	42,240
Total current assets	<u>564,888</u>	<u>1,903,636</u>	<u>206,723</u>	<u>2,675,247</u>
Noncurrent assets				
Restricted cash	—	40	—	40
Total restricted assets	<u>—</u>	<u>40</u>	<u>—</u>	<u>40</u>
Capital assets				
Land	479,055	1,512,293	—	1,991,348
Buildings and improvements	3,981,567	4,133,906	3,616,125	11,731,598
Equipment	388,064	460,535	237,820	1,086,419
Construction in progress	—	903,802	—	903,802
Accumulated depreciation	(2,019,314)	(737,364)	(1,176,903)	(3,933,581)
Total capital assets	<u>2,829,372</u>	<u>6,273,172</u>	<u>2,677,042</u>	<u>11,779,586</u>
Total noncurrent assets	<u>2,829,372</u>	<u>6,273,212</u>	<u>2,677,042</u>	<u>11,779,626</u>
Total assets	<u>\$ 3,394,260</u>	<u>8,176,848</u>	<u>2,883,765</u>	<u>14,454,873</u>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Current liabilities				
Accounts payable	\$ 6,668	2,591	4,336	13,595
Accrued interest payable	—	39,488	51,807	91,295
Accrued payroll	23,984	23,821	13,614	61,419
Accrued vacation and sick pay	25,409	31,421	12,108	68,938
Current portion of general obligation bonds	—	463,694	165,000	628,694
Total current liabilities	<u>56,061</u>	<u>561,015</u>	<u>246,865</u>	<u>863,941</u>
Current liabilities payable from restricted assets:				
Customer deposits	—	40	—	40
Total current liabilities payable from restricted assets	<u>—</u>	<u>40</u>	<u>—</u>	<u>40</u>
Noncurrent liabilities				
Compensated absences	14,108	3,904	1,811	19,823
Estimated claims and judgments payable	—	710	—	710
General obligation bonds payable	—	2,127,370	2,730,000	4,857,370
Total noncurrent liabilities	<u>14,108</u>	<u>2,131,984</u>	<u>2,731,811</u>	<u>4,877,903</u>
Total liabilities	<u>70,169</u>	<u>2,693,039</u>	<u>2,978,676</u>	<u>5,741,884</u>
Fund equity:				
Invested in capital assets, net of debt	2,829,372	3,682,108	(217,958)	6,293,522
Unrestricted	494,719	1,801,701	123,047	2,419,467
Total fund equity	<u>3,324,091</u>	<u>5,483,809</u>	<u>(94,911)</u>	<u>8,712,989</u>
Total liabilities and fund equity	<u>\$ 3,394,260</u>	<u>8,176,848</u>	<u>2,883,765</u>	<u>14,454,873</u>

See independent auditor's report on the basic financial statements.



# CITY OF LAWRENCE, KANSAS

## Combining Statement of Revenues, Expenses and Changes in Fund Equity - Nonmajor Proprietary Funds

For the Year Ended December 31, 2003

	<b>Public Parking</b>	<b>Storm Water Utility</b>	<b>Golf Course</b>	<b>Total Nonmajor Enterprise Funds</b>
Operating revenues - charges for services	\$ 896,658	2,635,823	896,158	4,428,639
Operating expenses:				
Continuing operations	746,428	—	667,355	1,413,783
Transmission and distribution	—	840,569	—	840,569
Depreciation and amortization	181,745	163,454	227,419	572,618
Total operating expenses	928,173	1,004,023	894,774	2,826,970
Operating income (loss)	(31,515)	1,631,800	1,384	1,601,669
Nonoperating revenues (expenses)				
Interest income	7,245	26,457	365	34,067
Interest expense and fiscal charges	—	(131,663)	(161,885)	(293,548)
Gain (loss) on sale of fixed assets	(503)	(58)	(506)	(1,067)
Other	36	41,591	(1,982)	39,645
Total nonoperating revenues (expenses)	6,778	(63,673)	(164,008)	(220,903)
Income (loss) before transfers	(24,737)	1,568,127	(162,624)	1,380,766
Transfers:				
Transfers in	—	—	150,000	150,000
Transfers out	—	(90,000)	—	(90,000)
Total transfers	—	(90,000)	150,000	60,000
Net income (loss)	(24,737)	1,478,127	(12,624)	1,440,766
Fund equity (deficit), beginning of year, as restated	3,348,828	4,005,682	(82,287)	7,272,223
Fund equity (deficit), end of year	\$ 3,324,091	5,483,809	(94,911)	8,712,989

See independent auditor's report on the basic financial statements.

# CITY OF LAWRENCE, KANSAS

## Combining Statement of Cash Flows Nonmajor Proprietary Funds For the Year Ended December 31, 2003

	<u>Public Parking</u>	<u>Storm Water Utility</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 896,527	2,657,576	894,311	4,448,414
Payments to suppliers	(218,554)	(323,889)	(257,236)	(799,679)
Payments to employees	(521,397)	(497,723)	(409,340)	(1,428,460)
	<u>156,576</u>	<u>1,835,964</u>	<u>227,735</u>	<u>2,220,275</u>
Net cash provided by (used in) operating activities				
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	—	—	150,000	150,000
Transfers out	—	(90,000)	—	(90,000)
	<u>—</u>	<u>(90,000)</u>	<u>150,000</u>	<u>60,000</u>
Net cash provided by (used in) noncapital financing activities				
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(12,799)	(621,554)	—	(634,353)
Principal payments on debt	—	(442,548)	(173,797)	(616,345)
Interest payments on debt	—	(138,262)	(164,339)	(302,601)
	<u>(12,799)</u>	<u>(1,202,364)</u>	<u>(338,136)</u>	<u>(1,553,299)</u>
Net cash used in capital and related financing activities				
<b>Cash flows from investing activities:</b>				
Receipt of interest and dividends	6,235	23,512	1,036	30,783
Purchases of investments	(1,398,912)	(4,098,239)	(455,480)	(5,952,631)
Sales of investments	1,253,936	3,737,856	535,467	5,527,259
	<u>(138,741)</u>	<u>(336,871)</u>	<u>81,023</u>	<u>(394,589)</u>
Net cash provided by (used in) investing activities				
Net increase (decrease) in cash	5,036	206,729	120,622	332,387
Cash and cash equivalents, beginning of year	105,747	39,024	23,754	168,525
Cash and cash equivalents, end of year	<u>\$ 110,783</u>	<u>245,753</u>	<u>144,376</u>	<u>500,912</u>
Components of cash and cash equivalents at end of year:				
Cash	\$ 110,783	245,713	144,376	500,872
Restricted cash	—	40	—	40
	<u>\$ 110,783</u>	<u>245,753</u>	<u>144,376</u>	<u>500,912</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (31,515)	1,631,800	1,384	1,601,669
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	181,745	163,454	227,419	572,618
Other income	36	41,591	(1,982)	39,645
Change in:				
Accounts receivable	(167)	(19,838)	135	(19,870)
Accounts payable	(1,001)	(813)	(1,368)	(3,182)
Accrued payroll	7,519	8,191	3,837	19,547
Customer deposits	—	40	—	40
Accrued vacation and sick pay	(41)	10,829	(1,690)	9,098
Estimated claims and judgments payable	—	710	—	710
	<u>188,091</u>	<u>204,164</u>	<u>226,351</u>	<u>618,606</u>
Total adjustments				
Net cash provided by (used in) operating activities	<u>\$ 156,576</u>	<u>1,835,964</u>	<u>227,735</u>	<u>2,220,275</u>

See independent auditor's report on the basic 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, 2003

Assets	Central Maintenance	Stores	Health Insurance	Total
Current assets:				
Cash	\$ 159,110	22,736	182,810	364,656
Investments	264,997	—	2,264,858	2,529,855
Receivables:				
Accounts (net of allowance of \$84,045)	192,626	—	22,021	214,647
Accrued interest	779	—	7,737	8,516
Inventories	177,453	19,818	—	197,271
Total current assets	<u>794,965</u>	<u>42,554</u>	<u>2,477,426</u>	<u>3,314,945</u>
Capital assets				
Buildings and improvements	415,644	—	—	415,644
Equipment	217,057	—	—	217,057
Accumulated depreciation	(532,247)	—	—	(532,247)
Total capital assets	<u>100,454</u>	<u>—</u>	<u>—</u>	<u>100,454</u>
Total assets	<u>\$ 895,419</u>	<u>42,554</u>	<u>2,477,426</u>	<u>3,415,399</u>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Current liabilities				
Accounts payable	\$ 4,763	—	—	4,763
Claims payable	—	—	462,871	462,871
Accrued payroll	32,348	—	—	32,348
Accrued vacation and sick pay	44,161	—	—	44,161
Deferred revenue	—	—	22,021	22,021
Total current liabilities	<u>81,272</u>	<u>—</u>	<u>484,892</u>	<u>566,164</u>
Noncurrent liabilities-accrued vacation and sick pay	<u>41,721</u>	<u>—</u>	<u>—</u>	<u>41,721</u>
Total liabilities	<u>122,993</u>	<u>—</u>	<u>484,892</u>	<u>607,885</u>
Fund equity:				
Unreserved retained earnings	<u>772,426</u>	<u>42,554</u>	<u>1,992,534</u>	<u>2,807,514</u>
Total liabilities and fund equity	<u>\$ 895,419</u>	<u>42,554</u>	<u>2,477,426</u>	<u>3,415,399</u>

See independent auditor's report on the basic financial statements.

# CITY OF LAWRENCE, KANSAS

## Combining Statement of Revenues, Expenses and Changes in Fund Equity - Internal Service Funds

For the Year Ended December 31, 2003

	<b>Central Maintenance</b>	<b>Stores</b>	<b>Health Insurance</b>	<b>Total</b>
Operating revenues - charges for services	\$ 2,011,232	8,540	5,089,720	7,109,492
Operating expenses:				
Continuing operations	1,848,991	8,611	—	1,857,602
General administration	—	—	605,917	605,917
Health insurance claims	—	—	3,443,961	3,443,961
Depreciation and amortization	31,130	—	—	31,130
Total operating expenses	1,880,121	8,611	4,049,878	5,938,610
Operating income (loss)	131,111	(71)	1,039,842	1,170,882
Nonoperating revenues (expenses)				
Interest income	5,029	—	37,111	42,140
Gain (loss) on sale of fixed assets	(33,447)	—	—	(33,447)
Other	202	—	—	202
Total nonoperating revenues (expenses)	(28,216)	—	37,111	8,895
Income (loss) before transfers	102,895	(71)	1,076,953	1,179,777
Transfers out	(7,000)	—	—	(7,000)
Net income (loss)	95,895	(71)	1,076,953	1,172,777
Fund equity (deficit), beginning of year	676,531	42,625	915,581	1,634,737
Fund equity (deficit), end of year	\$ 772,426	42,554	1,992,534	2,807,514

See independent auditor's report on the basic financial statements.

# CITY OF LAWRENCE, KANSAS

## Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2003

	<b>Central Maintenance</b>	<b>Stores</b>	<b>Health Insurance</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 2,018,108	8,540	5,090,552	7,117,200
Payments to suppliers	(1,149,131)	(6,784)	(4,229,513)	(5,385,428)
Payments to employees	(719,834)	—	—	(719,834)
Net cash provided by (used in) operating activities	<u>149,143</u>	<u>1,756</u>	<u>861,039</u>	<u>1,011,938</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers out	(7,000)	—	—	(7,000)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(33,611)	—	—	(33,611)
Proceeds from sales of capital assets	163	—	—	163
Net cash used in capital and related financing activities	<u>(33,448)</u>	<u>—</u>	<u>—</u>	<u>(33,448)</u>
<b>Cash flows from investing activities:</b>				
Receipt of interest and dividends	5,352	—	36,125	41,477
Purchases of investments	(1,169,873)	—	(5,897,588)	(7,067,461)
Sales of investments	1,194,852	—	5,182,680	6,377,532
Net cash provided by (used in) investing activities	<u>30,331</u>	<u>—</u>	<u>(678,783)</u>	<u>(648,452)</u>
Net increase (decrease) in cash	139,026	1,756	182,256	323,038
Cash and cash equivalents, beginning of year	<u>20,084</u>	<u>20,980</u>	<u>554</u>	<u>41,618</u>
Cash and cash equivalents, end of year	<u>\$ 159,110</u>	<u>22,736</u>	<u>182,810</u>	<u>364,656</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 131,111	(71)	1,039,842	1,170,882
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	31,130	—	—	31,130
Other income	202	—	—	202
Change in:				
Accounts receivable	6,674	—	832	7,506
Inventories of supplies	(24,723)	1,827	—	(22,896)
Accounts payable	(7,853)	—	—	(7,853)
Claims payable	—	—	(131,803)	(131,803)
Accrued payroll	7,359	—	—	7,359
Accrued vacation and sick pay	5,243	—	—	5,243
Due to other funds	—	—	(47,000)	(47,000)
Deferred revenue	—	—	(832)	(832)
Total adjustments	<u>18,032</u>	<u>1,827</u>	<u>(178,803)</u>	<u>(158,944)</u>
Net cash provided by (used in) operating activities	<u>\$ 149,143</u>	<u>1,756</u>	<u>861,039</u>	<u>1,011,938</u>

See independent auditor's report on the basic financial statements.

## **AGENCY FUNDS**

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.

*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.

# CITY OF LAWRENCE, KANSAS

## Combining Statement of Changes in Assets and Liabilities – All Agency Funds

Year Ended December 31, 2003

	<b>Balance January 1, 2003</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2003</b>
<b>Payroll Clearing</b>				
Assets:				
Cash	74,697	13,091,239	13,106,511	59,425
Accounts receivable	—	424	14	410
	<u>\$ 74,697</u>	<u>13,091,663</u>	<u>13,106,525</u>	<u>59,835</u>
Liabilities:				
Accounts payable	<u>\$ 74,697</u>	<u>13,091,663</u>	<u>13,106,525</u>	<u>59,835</u>
<b>Municipal Court</b>				
Assets:				
Cash	\$ 160,341	474,158	445,294	189,205
Restricted assets - cash	<u>48,233</u>	<u>428,460</u>	<u>406,010</u>	<u>70,683</u>
	<u>\$ 208,574</u>	<u>902,618</u>	<u>851,304</u>	<u>259,888</u>
Liabilities:				
Accounts payable	\$ 160,341	474,158	445,294	189,205
Payable from restricted assets	<u>48,233</u>	<u>428,460</u>	<u>406,010</u>	<u>70,683</u>
	<u>\$ 208,574</u>	<u>902,618</u>	<u>851,304</u>	<u>259,888</u>
<b>KPRF</b>				
Assets:				
Restricted assets - cash	<u>\$ 307</u>	<u>8,560</u>	<u>8,560</u>	<u>307</u>
Liabilities:				
Accounts payable	<u>\$ 307</u>	<u>8,560</u>	<u>8,560</u>	<u>307</u>

(Continued)



# CITY OF LAWRENCE, KANSAS

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

Year Ended December 31, 2003

<b>Fire Insurance Proceeds Fund</b>	<b>Balance January 1, 2003</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2003</b>
Assets:				
Cash	\$ 39,411	393,293	432,704	—
Liabilities:				
Accounts payable	\$ 39,411	393,293	432,704	—
<b>Totals - All Agency Funds</b>				
Assets:				
Cash	\$ 274,756	13,967,250	13,993,069	248,937
Accounts receivable	—	424	14	410
Restricted assets - cash	48,233	428,460	406,010	70,683
Total assets	\$ 322,989	14,396,134	14,399,093	320,030
Liabilities:				
Accounts payable	\$ 274,756	13,967,674	13,993,083	249,347
Court bonds payable	48,233	428,460	406,010	70,683
Total liabilities	\$ 322,989	14,396,134	14,399,093	320,030

See independent auditor's report on the basic financial statements.

## **STATISTICAL SECTION**

Table 1

## CITY OF LAWRENCE, KANSAS

## General Governmental Expenditures by Function(1)

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health</u>	<u>Social Services (2)</u>	<u>Culture and Recreation</u>	<u>Tourism</u>	<u>Airport</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1994	\$3,645,758	\$9,950,244	\$3,996,532	\$853,868	\$1,152,267	#####	\$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
2002	11,280,445	19,413,366	6,409,537	1,271,162	2,222,232	5,389,152	463,622	94,373	3,312,946	8,354,107	58,210,942
2003	12,286,275	20,760,197	6,554,869	1,369,492	2,881,262	5,993,346	486,845	75,885	1,690,388	9,308,568	61,407,127

(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

<b>Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter- govern- mental (2)</b>	<b>Special Assessments</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Interest</b>	<b>Miscellaneous Revenues</b>	<b>Total</b>
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
2002	30,544,548	785,543	16,115,603	640,943	4,508,000	1,776,155	1,188,509	928,431	56,487,732
2003	32,657,686	1,024,587	17,248,387	1,369,411	4,534,620	2,012,187	728,307	1,926,446	61,501,631

(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

<b>Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Motor Vehicle Tax</b>	<b>Payment- in-lieu</b>	<b>Total</b>
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
2002	14,281,439	10,957,561	3,632,803	1,597,396	75,349	30,544,548
2003	15,814,366	11,392,376	3,660,488	1,665,149	125,307	32,657,686

(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>
1994	\$8,138,455	\$7,963,487	97.85%	\$139,504	\$8,102,991	99.56%	\$538,963	6.62%
1995	8,749,132	8,511,302	97.28	142,777	8,654,079	98.91	134,016	1.53
1996	8,160,690	7,939,468	97.29	190,558	8,130,026	99.62	164,680	2.02
1997	8,807,831	8,602,435	97.67	130,085	8,732,520	99.14	239,991	2.72
1998	9,557,471	9,337,045	97.69	139,420	9,476,465	99.15	320,997	3.36
1999	10,377,742	10,111,307	97.43	256,943	10,228,830	98.57	469,909	4.53
2000	12,143,963	11,688,149	96.25	156,306	11,844,455	97.53	769,417	6.34
2001	13,038,707	12,545,282	96.22	228,202	12,773,484	97.97	1,034,640	7.94
2002	14,736,611	14,059,563	95.41	221,876	14,281,439	96.91	1,489,812	10.11
2003	16,086,484	15,512,068	96.43	302,298	15,814,366	98.31	1,761,930	10.95

(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	
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	3,712,803,804	58,430,000	233,720,000	20,607,464	61,822,392	595,971,254	4,008,346,196	14.9 %
2002	553,933,830	3,978,551,867	54,197,260	216,789,040	20,902,337	62,707,011	629,033,427	4,258,047,918	14.9 %
2003	598,234,485	4,296,734,542	54,874,350	219,497,400	21,244,347	63,733,041	674,353,182	4,579,964,983	14.9 %

(1) Excludes motor vehicles.

Source: Douglas County Appraiser

**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>		
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	17.65	7.12	24.77	24.51	3.38	27.89	45.70	9.64	55.34	1.50	109.50
2002	18.43	7.13	25.56	27.82	0.00	27.82	39.03	10.81	49.84	1.50	104.71
2003	20.99	7.11	28.10	28.65	1.21	29.86	36.71	10.94	47.65	1.50	

Source: Douglas County Budget Office



Table 7

## CITY OF LAWRENCE, KANSAS

Principal Taxpayers

December 31, 2003

Unaudited

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Western Resources	Electric Utility	\$ 9,451,488	1.40 %
K-Mart Warehouse	District Warehouse	8,874,825	1.32
Southwestern Bell	Telephone Utility	8,451,366	1.25
Hallmark Cards, Inc.	Card Manufacturer	5,294,715	0.79
Packer Ware	Plastics Manufacturer	4,889,440	0.72
Lawrence Paper Co.	Paper Manufacturer	3,819,000	0.60
World Company	Media	3,702,030	0.55
Delmonte	Dog Food Manufacturer	3,442,830	0.51
NCS	Computer Services	3,145,640	0.47
Lawrence Technology	Electronics	2,826,370	0.42
Total		\$ <u>53,897,704</u>	<u>8.03</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>
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
2002	568,576	640,943
2003	1,237,588	1,369,411

(1) Includes prepayments and foreclosures.

**CITY OF LAWRENCE, KANSAS**

**Table 9**

Computation of Legal Debt Margin

December 31, 2003

Unaudited

Assessed value – January 1, 2003	\$ <u>743,219,623</u>
Debt limitation (1)	\$ <u>222,965,887</u>
Total bonded debt (including notes)	106,585,000
Less revenue bonds	<u>9,475,000</u>
Total debt applicable to limitation	<u>97,110,000</u>
Legal debt margin	\$ <u>125,855,887</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

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund	Debt Payable From Enterprise Revenue	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
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	682.40
2000	80,098	545,452	77,340,000	7,947,026	13,140,000	56,252,974	10.31	702.30
2001	83,495	595,971	74,470,000	7,638,070	11,855,000	54,976,930	9.22	658.44
2002	85,282	629,033	79,230,000	7,006,605	10,510,000	61,713,395	9.80	723.64
2003	86,040	674,353	87,600,000	7,537,669	9,475,000	70,587,331	10.47	820.40

(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>
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	26.65
2001	5,845,000	3,127,268	8,972,268	57,248,779	15.67
2002	6,000,000	3,222,847	9,222,847	58,210,942	15.84
2003	6,930,000	3,249,373	10,179,373	61,344,444	16.59

(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, 2003

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	\$ 66,295,000	\$ 7,537,669	\$ 58,757,331	100 %	\$ 58,757,331
Overlapping:					
Douglas County	29,265,000	1,855,724	27,409,276	75	20,419,911
Unified School District No. 497	<u>55,830,000</u>	<u>2,158,684</u>	<u>53,671,316</u>	87	<u>46,694,045</u>
	<u>\$ 151,390,000</u>	<u>11,552,077</u>	<u>139,837,923</u>		<u>\$ 125,871,287</u>

**Table 13****CITY OF LAWRENCE, KANSAS**

## Revenue Bond Coverage – Water and Sewer Fund

Last Ten Fiscal Years

Unaudited

<b>Year</b>	<b>Operating Revenue</b>	<b>Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
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
2002	22,210,827	13,372,496	8,838,331	1,345,000	615,325	1,960,325	4.51
2003	22,726,952	14,344,670	8,382,282	1,035,000	545,970	1,580,970	5.30

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>
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	19,952	25.30	10,329	3.6
2001	83,495	19,952	25.30	10,273	4.4
2002	85,282	19,952	25.30	10,154	4.2
2003	86,040	19,952	25.30	9,919	4.7

## Data Sources:

- (1) Planning Department estimates, except 2000 which is from the 2000 census
- (2) 1994-1999 Per Capita Income Estimates for Counties and Incorporated Places from 1990 census, 2000-2002 data from 2000 census.
- (3) 1990 Census of Population General Population Characteristics, except 2000-2002 which are from U.S. Census Bureau 2000 census
- (4) Headcount Enrollment, Kansas Public Schools, Kansas State Department of Education.
- (5) Kansas Department of Human Resources: Research and Analysis.



Table 15

**CITY OF LAWRENCE, KANSAS**

## Property Value and Construction

Last Ten Fiscal Years

Unaudited

<b>Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>State Assessed Property</b>	<b>Total Property Value</b>	<b>New Construction-Number of Units</b>				<b>Valuation Building Permits</b>
					<b>Commercial</b>	<b>Multi- family</b>	<b>Duplex</b>	<b>Single Family</b>	
1994	\$265,475,125	\$29,224,185	\$17,374,560	\$312,071,870	27	442	77	486	\$103,511,159
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
2002	553,933,830	54,197,260	20,902,337	629,033,427	37	359	119	304	141,596,618
2003	598,234,485	54,874,350	21,244,347	674,353,182	30	253	157	317	150,516,323

Table 16

## CITY OF LAWRENCE, KANSAS

## Miscellaneous Statistics

December 31, 2003

Unaudited

Date Chartered	1858	<b>Sewerage System</b>	
Form of Government	Commission - Manager	Mile of Sanitary Sewers	475
Number of Employees	725	Number of Treatment Plants	1
Area in Square Miles	31.30	Number of Service Connections	28,252
		Actual Daily Average of Treatment	9.2 MGD
		Number of Lift Stations	39
			*(MGD= Million Gallons Daily)
<b>City of Lawrence Facilities and Services:</b>		<b>Water System</b>	
Miles of Streets	300	Number of Water Plants	2
<b>Culture and Recreation</b>		Miles of Water Mains	400
Recreation Centers	5	Number of Service Connections	28,895
Parks	52	Number of City Owned Fire Hydrants	2,944
Park Acreage	3,270	Daily Average Consumption in Million Gallons	13.0
Tennis Courts	20	Maximum Daily Capacity of Plant in Million Gallons	31.5
<b>Fire Protection</b>		<b>Libraries</b>	
Number of Stations	5	Public Libraries	1
Number of Firefighters and Officers	137	Number of volumes (approximately)	267,134
Number of Fire Calls Answered	1,896	<b>Facilities and Services Not Included in the Reporting Entity:</b>	
Number of Medical Calls Answered	6,225	<b>Education</b>	
Number of Medical Transports	3,924	Number of Public Elementary Schools	16
Number of Inspections Conducted	5,240	Number of Public Elementary School Instructors	386
<b>Police Protection</b>		Number of Public Secondary Schools	7
Number of Stations	2	Number of Public Secondary School Instructors	373
Number of Commissioned Police Officers	138	Number of Universities	2
Number of Full Time Civilians	34	<b>Hospitals</b>	
Number of Patrol Units	24	Number of Hospitals	1
Number of Calls for Service	86,804	Number of Patient Beds	177
Arrests Processed through County Jail	2,699		
Officer Issued Traffic Violations	18,327		
Officer Issued Parking Violations	13,417		

## **SINGLE AUDIT 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

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

Mayor and City Commission  
City of Lawrence, Kansas

We have audited the financial statements of the City of Lawrence, Kansas as of and for the year ended December 31, 2003, and have issued our report thereon dated April 30, 2004. We conducted our audit in accordance with generally accepted auditing 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 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 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 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, 2004

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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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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and City Commission  
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, 2003. 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, 2003.

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.

*Sowenthal, Singleton, Webb & Wilson*

Professional Association

April 30, 2004

**CITY OF LAWRENCE, KANSAS**  
**Schedule of Expenditures of Federal Awards**  
**December 31, 2003**

Federal Grantor Agency	CFDA	Grant Program	
Pass-Through Grantor / Program Name	Number	Number	Expenditures
U.S. Department of Housing and Urban Development			
Direct Assistance			
Community Development Block Grant/ Entitlement Grants	14.218	B-01-MC-20-0005	\$ 18,280
Community Development Block Grant/ Entitlement Grants	14.218	B-02-MC-20-0005	1,101,000
Community Development Block Grant/ Entitlement Grants	14.218	B-03-MC-20-0006	500,372
			1,619,652
Home - Investment Partnerships Program	14.239	M-01-MC-20-0205	20,665
Home - Investment Partnerships Program	14.239	M-02-MC-20-0205	610,000
Home - Investment Partnerships Program	14.239	M-03-MC-20-0205	1,084
			631,749
Fair Housing Assistance - State & Local (01',	14.401	FF207K017011	49,899
Fair Housing Assistance - State & Local (02',	14.401	FF207K027011	124,141
Fair Housing Assistance - State & Local (03',	14.401	FF207K037011	20,273
			194,313
KS Department of Commerce and Housing			
Emergency Shelter Grant (02',	14.231	S-02-DC-20-0001	54,575
Emergency Shelter Grant (03',	14.231	S-03-DC-20-0001	12,699
			67,274
Total U.S. Department of Housing and Urban Development			2,512,988
U. S. Department of Transportation			
Federal Transportation Administration			
Federal Transit Formula Grant	20.507	KS-90-X087-00	13,183
Federal Transit Formula Grant	20.507	KS-90-X092-00	489,586
Federal Transit Formula Grant	20.507	KS-90-X094-00	887,096
Federal Transit Formula 5309 Grant	20.507	KS-03-0022-00	35,905
FAA/Airport Improvement Project Grant (3',	20.106	69AA3052	103,806
FAA/Airport Improvement Project Grant (3',	20.106	69AA3052	52,155
FAA/Airport Improvement Project Grant (3',	20.106	69AA3052	1,341,344
			2,923,075
KS Department of Transportation			
Comprehensive Transportation Planning Grant (03',	20.205	03 P.L. and Sect. 5303 Funds	73,463
Bicycle Work Program Grant (2000',	20.205	23 TE-0178-01/TEA-T017 (801'	8,834
Lawrence Police Department Traffic Safety Project	20.600	PT 03/05-03-05-02	674,140
			756,437
Total Department of Transportation			3,679,512
U.S. Department of Justice			
Direct Assistance			
Local Law Enforcement Block Grant (02',	16.592	02-LBVX-2732	44,152
Local Law Enforcement Block Grant (03',	16.592	03-LBVX-1007	27,821
COPS in Schools	16.710	KS02301-2002-SHWX0166	194,104
			266,077
KS Office of the Governor			
Edward Byrne Memorial Law Enforcement Grant (03',	16.579	B2003-34	16,645
Edward Byrne Memorial Law Enforcement Grant (04',	16.579	04Byrne-37	5,072
			21,717
Total Department of Justice			287,794
U.S. Department of the Interior			
KS Historical Society			
Historic Preservation Fund	16.904	20-02-17546-00	29,964
Total Department of the Interior			29,964
Total Federal Financial Awards Expenditures			\$ 6,510,258

1. **General** - This schedule presents the expenditures of all federal financial assistance program programs of the City of Lawrence. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on this schedule.

2. **Basis of Accounting** - This schedule is presented in accordance with generally accepted accounting principles.

CITY OF LAWRENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Reportable condition(s) identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

Reportable condition(s) identified that are not considered to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

20.106  
20.600

Airport Improvement Grant  
Traffic Safety Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes        No

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted