

# **CITY OF LAWRENCE, KANSAS**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2019**

**Prepared by:  
Department of Finance**

# CITY OF LAWRENCE, KANSAS

## **Our Mission Statement**

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

## **Our Principles**

*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.*

## **Our Vision**

*We will provide leadership in preparing for the future.*

*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.*

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# City of Lawrence

## FINANCE

CRAIG S. OWENS  
CITY MANAGER

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[www.lawrenceks.org](http://www.lawrenceks.org)

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785-832-3000  
FAX 785-832-3405

### CITY COMMISSION

**MAYOR**  
JENNIFER ANANDA, JD, MSW

**COMMISSIONERS**  
BRADLEY R. FINKELDEI  
COURTNEY SHIPLEY  
STUART BOLEY  
LISA LARSEN

July 15, 2020

The Honorable Jennifer Ananda, JD, MSW, Mayor  
Member of the City Commission  
Lawrence City Commission  
6 E 6<sup>th</sup> Street  
Lawrence, KS 66044

Dear Mayor Ananda, Members of the City Commission, and the Citizens of Lawrence:

The Finance Department is pleased to present the Comprehensive Annual Financial Report ("CAFR") of the City of Lawrence, Kansas (the "City") for the fiscal year ended December 31, 2019. State law requires that all general-purpose local governments publish a complete set of audited financial statements, presented in conformity with generally accepted accounting principles in the United States of America ("GAAP"). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis ("MDA"). This letter of transmittal is designed to complement the MDA and should be read in conjunction with it. The MDA can be found immediately following the report of the independent auditor.

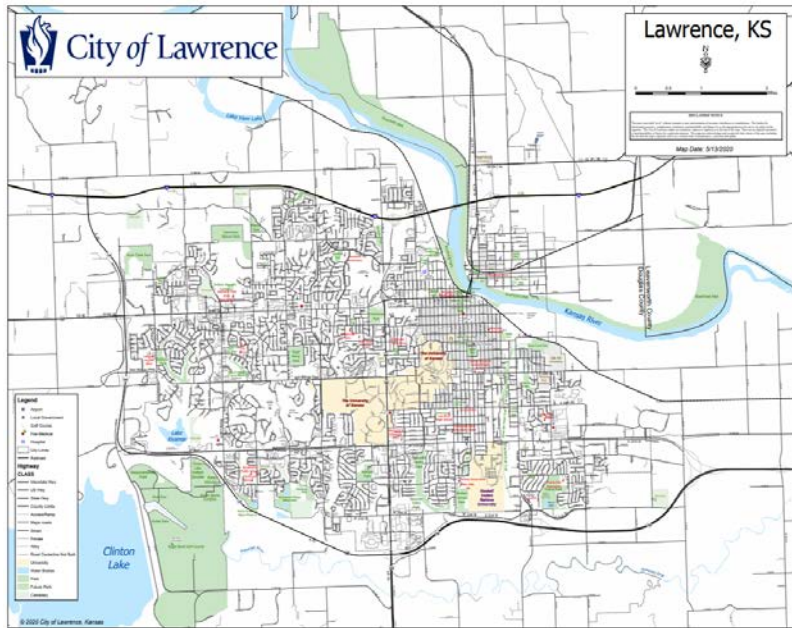
Responsibility for the accuracy and completeness of the data and, the fairness of the presentation, including all disclosures rests with management. We believe that the data, as presented, is accurate in all material respects, presents fairly the City's financial position and results of operations, as measured by the financial activity of its various funds. To provide a reasonable basis for making these representations, the City has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with GAAP. The cost of internal controls should never outweigh their benefits. The City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert, to the best of our knowledge and belief, that the CAFR is complete and reliable in all material respects.

The City's financial statements have been audited by *RSM US LLP*. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2019, are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. The independent auditors rendered unmodified opinions that the City's financial Statements for the year ended December 31, 2019 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

This report as well as other historical audited financial statements, prior year(s) operating and capital budgets, as well as other financial reports, may also be accessed via the City's website at <https://lawrenceks.org/finance/>.

## Profile of the City

Lawrence was founded by the New England Emigrant Aid Company (NEEAC) in 1854, and was named after Amos Adams Lawrence, a Republican abolitionist originally from Massachusetts, who offered financial aid and support for the settlement. Lawrence is the county seat of Douglas County and the sixth-largest city in Kansas. It is located in the northeastern sector of the state, astride Interstate 70, between the Kansas and Wakarusa Rivers. The City encompasses approximately 34.3 square miles and had an estimated population of 100,736 as of July 1, 2018. Lawrence is a college town and the home to both the University of Kansas and Haskell Indian Nations University.



The City 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 with the two winning the most votes getting four-year terms and the one with the third most votes getting the two-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 an annual budget, appointing citizens to committees, and hiring the City Manager. The City Manager is responsible for the day-to-day operations of the City, including hiring all 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 water, wastewater, and storm water utilities. In addition, the City provides both residential and commercial solid waste removal services to its citizens.

Expenditures are authorized in a budget, approved by the City Commission, as required by State Statute. Expenditures cannot exceed the budgeted amount for each fund. Budgetary control is maintained using an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved with the use of an encumbrances, for later payment, so that appropriations may not be overspent. Kansas Statutes also require unencumbered cash to be on hand before an obligation can be incurred. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated budget has been legally adopted.

## Primary City Functions

The City provides a full range of municipal services including police and fire protection, the maintenance of streets, and other infrastructure, park facilities, recreational activities, cultural events, land use and building regulations, a municipal airport, water/wastewater/stormwater utility, solid waste collection, public transit system, and public parking facilities. The City accounts for all utility, solid waste, and parking operations separately and attempts to recover operating costs through user charges. The City is self-insured for worker's compensation, health insurance, and most liability claims. The City pays for these claims as they become due. The City engages in an external actuary to provide an actuarial estimate of its liabilities for self-insured expenses, except for legal claims. The City is a member of both the Kansas

Public Employee Retirement System (KPERs) and the Kansas Police and Fire Retirement System (KP&F) for all pension related activity.

### **Local Economy**

The City continues to grow with an average of almost 3 new residents every day over the past ten years. The recent addition of the Venture Park business park will provide space for new businesses and jobs. The economy is varied and diverse, producing a wide variety of products and services. Approximately 21% of the sales taxes generated in the City come from retail sales. About 12% comes from food and beverage stores, and about 12% comes from food service and drinking establishments. At the end of 2019, the City's unemployment rate was 2.6% compared to the 3.3% for the State of Kansas and the national rate of 3.5%.

### **Long-term financial planning**

The City prepares a five-year Capital Improvement Plan (CIP). The CIP includes estimated costs for constructing, upgrading, and replacing the City's physical infrastructures. The fiscal year 2020-2024 CIP includes project costs totaling \$305 million. Of the \$62.8 million of funding for 2020, 92% is projected to come from funding sources other than General Obligation debt (i.e. cash and designated revenues). In preparing the capital budget, needs are assessed, public improvements are prioritized, and costs are projected. The budget is reviewed annually as projects are reprioritized and the financial condition of the City is evaluated. The City Commission has adopted a policy to maintain the unassigned fund balance in the General Fund at a level equal to 25% of expenditures. In addition to the General Fund, the City has been building fund balance in the Debt Service Fund as well as the Water/Wastewater Utility Fund for several years. This helps to keep the mill levy rate consistent, and rates to customers stable. In addition to the infrastructure projects, the City works very diligently to promote economic development by attracting companies to locate in Lawrence and housing projects to be developed. For additional information on the City's economic development activity, refer to Note 14 to the basic financial statements.

### **Relevant financial policies**

Fiscal principles help ensure the City meets its responsibility to citizens to carefully account for public funds, manage municipal finances wisely, and plan for adequate funding of City services and improvements. Some of these principles are already established, others are being established currently. These principles will provide a framework for day-to-day decision making and will be the foundation for long term financial stability. Fiscal principles will be reviewed by the City Manager and finance staff on a periodic basis to ensure the City is prepared for changing circumstances and economic conditions. The fiscal principles are listed below.

1. The City will continuously evaluate its financial position to ensure stability to its citizens.
2. The City will provide a balanced revenue structure which is responsive to economic conditions.
3. The City will develop a balanced budget in which all current revenues will pay the costs of all current expenditures, and one-time costs will be paid with fund balance or one-time revenues.
4. The City Commission will hold public meetings which will allow the public input into the budgetary process.
5. The budget will establish legal levels of spending.
6. The budget will establish maintenance reserves to allow for the maintenance of capital assets.
7. The budget will address major capital improvement priorities which have been established by the City Commission.
8. The City will maintain services through innovative budgeting procedures and fiscal management to maintain the current mill levy rate.

## Priority initiatives

The City Commission identified eight (8) priority initiatives. For more information, please visit our budget document located at <https://lawrenceks.org/budget/>.

1. Inventory and evaluate the role of existing advisory boards and commissions, identify opportunities to consolidate or sunset (as appropriate) and adopt consistent operating guidelines.
2. Review City practices for ongoing professional development and align efforts to achieve excellence around the Commission's priorities.
3. Identify barriers to having high-speed internet fiber throughout the City to facilitate the development of the necessary infrastructure by the private sector.
4. Review 9<sup>th</sup> Street plans and develop a proposal to complete the road infrastructure and determine ability to add creative and artistic elements.
5. Develop a City facility master plan and comprehensive facility maintenance plan.
6. Develop a plan to implement priority-based budgeting and enhance communication in the annual budget process.
7. Develop and communicate a long-term financial strategy.
8. Develop a master plan for downtown that includes needed and desirable assets, infrastructure, and uses.

The City Commission developed seven (7) Critical Success Factors. These are the elements that must go right for the community to be successful.

1. Effective governance and professional administration
2. Safe, healthy, and welcoming neighborhoods
3. Innovative infrastructure and asset management
4. Commitment to core services
5. Sound fiscal stewardship
6. Collaborative solutions
7. Economic growth and security

## Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (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 fiscal year ended December 31, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 28 consecutive years. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

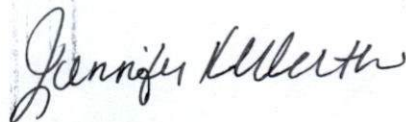
The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the staff of the Finance Department. We want to express our appreciation to all members of the department that contributed to its preparation. Special thanks are extended to Jennifer Werth and Kristee Bowles, for their primary role in preparation of this CAFR. We would also like to thank the City Commission and City Manager for the direction and support necessary to plan and conduct the financial operations of the City in a responsible, sound manner. Finally, we would like to extend the City's thanks to RSM for the cooperation and professional assistance provided during the audit of the City's 2019 financial records.



Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'J Willmoth', with a stylized flourish at the end.

Jeremy Willmoth  
Finance Director

A handwritten signature in black ink, appearing to read 'Jennifer Werth', with a stylized flourish at the end.

Jennifer Werth  
Senior Accountant

## City of Lawrence, Kansas

### List of Principal Officials

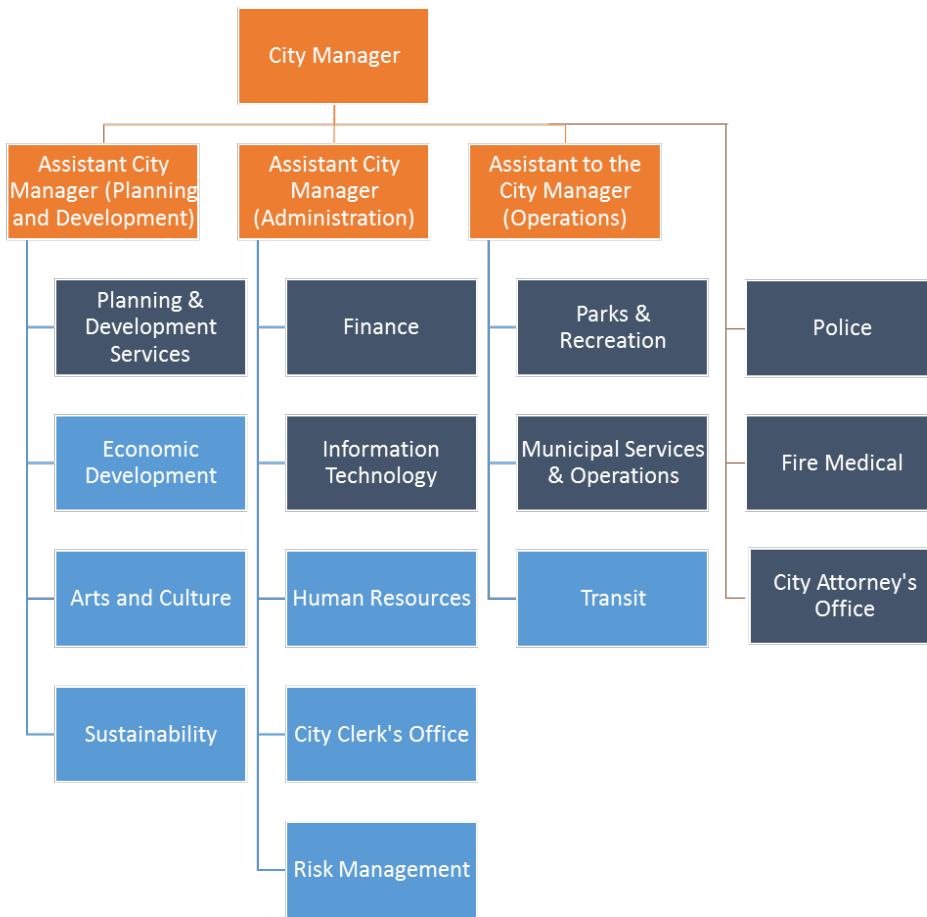
December 31, 2019

Title	Name
Mayor	Lisa Larsen
Vice Mayor	Jennifer Ananda
Commission Member	Stuart Boley
Commission Member	Matthew Herbert
Commission Member	Leslie Soden
City Manager	Craig S. Owens
Assistant City Manager	Diane Stoddard
Assistant City Manager	Casey Toomay
Assistant to the City Manager	Brandon McGuire
City Clerk	Sherri Riedemann
City Attorney	Toni Wheeler
Finance Director	Jeremy Willmoth
Fire Chief	Shaun Coffey
Information Technology Director	James Wisdom
Municipal Services and Operations Director	Dave Wagner
Parks & Recreation Director	Derek Rogers
Planning and Development Services	Amy Miller (interim)
Police Chief	Gregory Burns

## City of Lawrence, Kansas

### Organizational Chart December 31, 2019

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Government Finance Officers Association

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, 2018**

*Christopher P. Morill*

Executive Director/CEO

## **Independent Auditor's Report**

RSM US LLP

To the Honorable Mayor and  
Members of the City Council of the  
City of Lawrence, Kansas

### **Report on the Financial Statements**

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 (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lawrence-Douglas County Housing Authority (the Authority), the Lawrence Memorial Hospital (the Hospital), or the Lawrence Public Library (the Library), discretely presented component units of the City, which collectively represent all of the assets, net position, and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of eXplore Lawrence, which is a blended component unit and non-major governmental fund of the City. The financial statements of eXplore Lawrence comprise 0.47% of total assets and 0.17% of total revenues of the aggregate remaining fund information and represent 0.08% of total assets and 0.09% of total revenues of the governmental activities. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Authority, the Hospital, the Library and eXplore Lawrence, are 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports 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, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As explained in Note 17 to the basic financial statements, the City restated beginning net position of the aggregate discretely presented component units to also include the Hospital's own discretely presented component unit financial data for the Hospital's Endowment Association and properly present all of the financial data for the reporting entity. Beginning net position of the business-type activities and Water and Sewer major enterprise fund was also restated to correct certain capital asset transactions from prior years. Our opinions are not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the pension and postemployment information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules, listed in the table of contents as supplementary information, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory and statistical section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*RSM US LLP*

Kansas City, Missouri  
July 15, 2020

# CITY OF LAWRENCE, KANSAS

## Management's Discussion and Analysis (Unaudited) December 31, 2019

As management of the City of Lawrence, Kansas (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019, as a part of the overall Comprehensive Annual Financial Report (CAFR). This overview compares the fiscal year ended December 31, 2019 with the fiscal year ended December 31, 2018. Readers are encouraged to consider the information presented here, in conjunction with the letter of transmittal, which can be found on pages i-v of this report.

### Financial Highlights

- The assets and deferred outflows of the City of Lawrence exceeded its liabilities and deferred inflows at the end of 2019 by \$421 million. This is our total net position. Of this amount, \$54 million is not specifically assigned for restricted purposes and may be used to meet the government's ongoing obligations.
- The City's total net position increased by \$9.4 million. Changes to net position include:
  - Cash in the Governmental Funds increasing \$41 million, while cash in the business-type funds decreased \$2.1 million. Other governmental current assets (e.g. receivables, prepayments, inventory, etc.) increased \$3.6 million while these same assets in the business-type activities increased \$1.5 million.
  - Governmental capital assets (net of depreciation) increased \$8.9 million. Business-type capital assets (net of depreciation) decreased 6.2 million.
  - Governmental deferred outflow of resources (e.g. Pension/OPEB related amounts) increased \$1 million. Business-type deferred outflow of resources increased \$461 thousand.
  - Governmental long-term liabilities increased \$42 million primarily due to the issuance of new debt and temporary notes. Business-type activities decreased by \$14.4 million primarily due to the retirement of long-term debt.
  - Governmental deferred inflows of resources increased by \$6.5 million primarily due to increased property taxes and Pension related amounts. Business-type activities decreased by \$123 thousand primarily due to decreases in Pension and OPEB related amounts.
- As of December 31, 2019, the City's governmental activities reported total net position of \$240.5 million, an increase of \$6 million in comparison with the prior year. This was primarily due to increases in investments of capital assets of \$7.1 million, increases in restrictions for debt service and capital projects of \$6.7 million, and a reduction in unrestricted net position of \$7.8 million.
- As of December 31, 2019, the City's business-type activities reported combined total net position of \$180 million, an increase of \$3.3 million in comparison with the prior year. This was primarily due to decreases in investments of capital assets of \$37 million, and an increase in unrestricted net position of \$40.3 million.
- At December 31, 2019, the fund balance for the general fund was \$27 million or 35.89% of expenditures.
- The City's total debt, including temporary notes increased by \$21.4 million to a total of \$331.6 million. The key factor in this increase was a \$38 million increase to temporary notes, a decrease of \$8.4 million to general obligation debt, and a decrease of \$8.2 million in revenue bonded debt.

### Overview of the Financial Statements

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

### Government-wide financial statements

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

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

The *Statement of Activities* presents information showing how the City's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave). The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, cultural affairs, and community services. The business-type activities include the water and sanitary sewer, sanitation, storm sewer, parking, and golf course operations.

The government-wide financial statements include not only the City (known as the primary government), but also the legally separate entities for which the City is financially accountable. The City has four *component units*. The Lawrence Public Library, Lawrence Housing Authority, and Lawrence Memorial Hospital are considered discretely presented and are shown separately on the face of the financial statements. eXplore Lawrence is considered a blended component unit and is therefore combined within the City's primary governing statements as a Special Revenue Fund.

The City also has an advised foundation fund held at the Douglas County Community Foundation. The funds in the Foundation are from grants and donations. This fund is reported as a Special Revenue Fund in the City's financial statements.

### 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 or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

#### Governmental funds

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



# CITY OF LAWRENCE, KANSAS

## Management's Discussion and Analysis (Unaudited) December 31, 2019

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

The City of Lawrence maintains 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 74-92 of this report.

Budgets were adopted by the governing body for 2019 operations for the general fund plus eight additional governmental funds that are legally required to be adopted. A budgetary comparison statement has been provided for the budgeted governmental funds 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. The city uses enterprise funds to account for its water and sewer operations, solid waste operations, public parking, storm water, and golf course operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for health care costs, fleet maintenance, workers compensation and liability expenses. These activities have been included within the governmental activities in the government-wide financial statements.

Proprietary fund financial statements 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, storm water, and solid waste operations. The other enterprise 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 on pages 93-102 of this report.

### Notes to the financial statements

The notes to the basic financial statements begin on page twenty-four. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Required Supplementary and 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 OPEB and Pension costs found on pages 69-73 of this report. The combining statements are presented immediately following the required supplementary information.

### Financial Analysis - Government-wide Financial Statements

As noted earlier, Net Position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$421 million at December 31, 2019. The City's net position increased by \$9.4 million. Governmental activities increased net position by \$6 million while business-type activities increased net position by \$3.3 million in 2019. Table 1 summarizes the assets and deferred outflows of resources, liabilities and deferred inflows of resources and Net Position for governmental activities, business-type activities, and the total primary government.

**Table 1. City of Lawrence's Net Position, Year Ended December 31, 2019, and December 31, 2018 (in thousands):**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other Assets	\$ 187,367	\$ 142,753	\$ 103,534	\$ 108,982	\$ 290,902	\$ 251,735
Capital assets, net of depreciation	311,974	303,068	298,488	312,151	610,462	615,219
Total assets	499,341	445,821	402,022	421,133	901,363	866,954
Deferred outflows of resources	12,683	11,665	2,293	1,832	14,975	13,497
Total assets and deferred outflows of resources	512,024	457,486	404,315	422,965	916,339	880,451
Long-term liabilities						
Current	33,126	25,097	17,454	18,067	50,579	43,164
Non-current	197,241	163,244	205,484	219,263	402,725	382,507
Total liabilities	230,367	188,341	222,937	237,330	453,305	425,671
Deferred inflows of resources	41,086	34,591	975	1,098	42,061	35,689
Total liabilities and deferred inflows of resources	271,453	222,932	223,913	238,428	495,366	461,360
Net Position						
Net investment in capital assets	211,012	203,909	119,110	163,616	330,123	367,525
Restricted	29,368	22,643	7,483	7,464	36,851	30,106
Unrestricted (deficit)	190	8,002	53,808	13,457	53,999	21,460
Total Net Position	\$ 240,571	\$ 234,554	\$ 180,402	\$ 184,537	\$ 420,973	\$ 419,091

The largest portion of the City's net position, \$330 million (78.42%) reflects its net investment in capital assets (e.g. land, buildings, infrastructure, machinery, etc.) less any related debt and deferred outflows/inflows of resources used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investments in its capital assets is reported net of related debt and deferred inflows/outflows of resources, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# CITY OF LAWRENCE, KANSAS

## Management's Discussion and Analysis (Unaudited) December 31, 2019

A portion of the City's net position, \$36.9 million (8.75%), represents resources that are subject to external restrictions on how they may be used. Future debt service payments of \$16.8 million are restricted. This decreased \$1.4 million compared to the prior year.

The remaining balance of the net position of \$54 million (\$190 thousand governmental activities and \$53.8 million business-type activities) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

**Table 2. City of Lawrence's Changes in Net Position, Year Ended December 31, 2019, and December 31, 2018 (in thousands):**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 18,424	\$ 18,467	\$ 66,317	\$ 70,676	\$ 84,742	\$ 89,143
Operating grants and contributions	5,676	11,119	-	-	5,676	11,119
Capital grants and contributions	2,178	1,729	-	-	2,178	1,729
General revenues:						
Property taxes	38,054	37,134	-	-	38,054	37,134
Other taxes	56,336	47,994	-	-	56,336	47,994
Investment income	2,939	1,070	2,224	1,077	5,163	2,147
Other	3,217	1,081	820	859	4,037	1,939
<b>Total Revenues</b>	<b>126,824</b>	<b>118,593</b>	<b>69,362</b>	<b>72,612</b>	<b>196,185</b>	<b>191,205</b>
<b>Expenses:</b>						
General government	28,631	23,128	-	-	28,631	23,128
Public safety	51,934	44,961	-	-	51,934	44,961
Public works	20,326	13,078	-	-	20,326	13,078
Community services	2,680	2,784	-	-	2,680	2,784
Culture and recreation	13,859	13,443	-	-	13,859	13,443
Economic development & tourism	3,721	1,722	-	-	3,721	1,722
Interest on long-term debt	3,442	3,400	-	-	3,442	3,400
Water and Sewer	-	-	45,764	39,048	45,764	39,048
Sanitation	-	-	12,440	11,333	12,440	11,333
Nonmajor business-type activities	-	-	4,031	5,038	4,031	5,038
<b>Total expenses</b>	<b>124,594</b>	<b>102,515</b>	<b>62,235</b>	<b>55,418</b>	<b>186,829</b>	<b>157,934</b>
Change in Net Position before transfers	2,229	16,078	7,127	17,193	9,356	33,271
Transfers in(out)	3,787	3,686	(3,787)	(3,686)	-	-
<b>Change in Net Position</b>	<b>6,017</b>	<b>19,764</b>	<b>3,339</b>	<b>13,508</b>	<b>9,356</b>	<b>33,271</b>
Net position, beginning of year, as previously reported	234,554	201,367	184,537	173,526	419,091	374,894
Prior period adjustment	-	13,423	(7,474)	(2,498)	-	-
Net position, beginning of year, restated	234,554	214,790	177,063	171,029	419,091	374,894
<b>Net position, end of year</b>	<b>\$ 240,571</b>	<b>\$ 234,554</b>	<b>\$ 180,402</b>	<b>\$ 184,537</b>	<b>\$ 428,447</b>	<b>\$ 408,165</b>

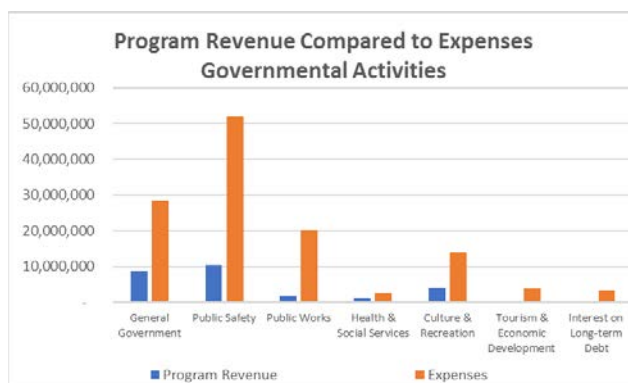
Revenue for the City in fiscal year 2019 totaled approximately \$196.2 million, a \$4.9 million (2.6%) increase when compared to the year 2018. Charges for Services decreased \$4.4 million or 4.94% for the primary government which is due mainly to weaker water sales in 2019 compared to 2018. Charges for Services of governmental activities decreased \$43 thousand or 0.23%, and business-type activities decreased \$4.4 million or 6.17%. The decrease in operating grants of \$5.4 million or 48.96%, is primarily the result of reclassifying liquor and fuel taxes as General Revenues in the 2019 CAFR. Governmental activities capital grants and contributions increased \$449 thousand or 25.98%, due mainly to KDOT funding of the 19<sup>th</sup> Street overpass project. Property taxes during fiscal year 2019 increased by \$920 thousand or 2.48%, due mainly to increases in assessed valuation. Other taxes increased \$8.3 million or 17.38%, driven primarily by reclassifying liquor and fuel taxes as General Revenues in the 2019 CAFR.

Total expenses for the City were \$186.8 million in fiscal year 2019, an increase of \$28.9 million or 18.30%, when compared to fiscal year 2018. Total expenses for governmental activities, excluding transfers increased by \$22 million or 21.54% year-over-year. This increase is primarily due to expenditures in Public Safety as detailed in the "Governmental Funds" section below (\$2.2 million), as well as capital expenditures for road projects (\$9 million), and increased expenditures in pension (\$3 million) and OPEB (\$2 million). Expenses for business-type activities increased by \$6.8 million or 6.65% compared to fiscal year 2018 primarily due to increases in maintenance expenditures for the water and sewer utility.

### Governmental activities

A comparative analysis of the governmental activities program revenues and expenses is presented below.

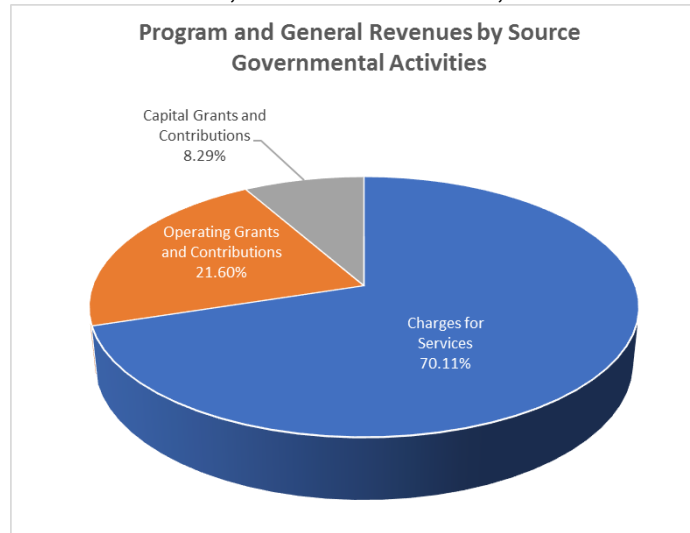
**Figure 1. Program Revenues Compared to Expenses, Year Ended December 31, 2019 (in thousands):**



# CITY OF LAWRENCE, KANSAS

## Management's Discussion and Analysis (Unaudited) December 31, 2019

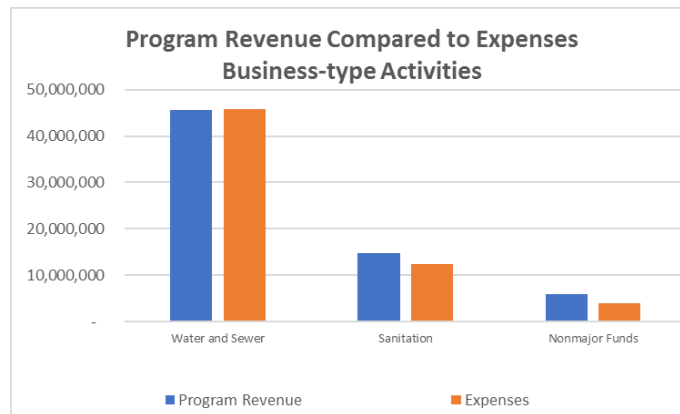
**Figure 2. Program Revenues for Governmental Activities, Year Ended December 31, 2019:**



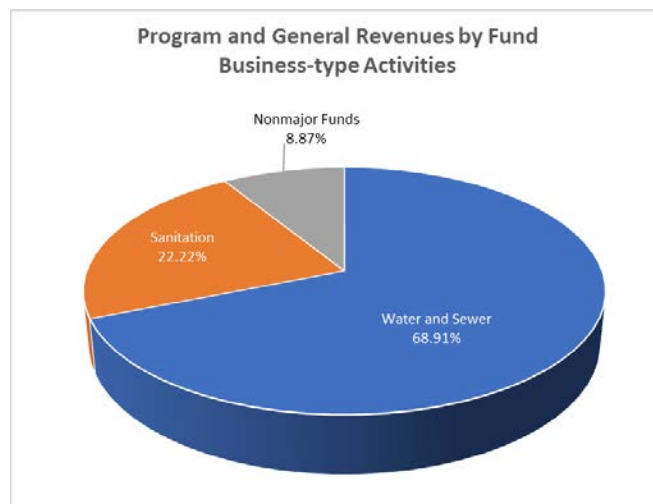
### **Business-type activities**

A comparative analysis and discussion of expenses and program revenues for the enterprise operations is presented below.

**Figure 3. Expenses for Business-type Activities, Year Ended December 31, 2019 (in thousands):**



**Figure 4. Program Revenues for Business-type Activities, Year Ended December 31, 2019:**



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**Table 3. Water/Wastewater Utility Revenues and Expenses, Year Ended December 31, 2019 and December 31, 2018 (in thousands):**

	Year Ended December 31		
	2019	2018	Change
<b>REVENUES</b>			
Total operating revenues	\$ 45,244	\$ 50,217	\$ (4,974)
Non-operating revenues, net	1,999	1,363	635
Total Revenues	<u>47,242</u>	<u>51,581</u>	<u>(4,338)</u>
<b>EXPENSES</b>			
Total operating expenses	39,962	32,578	7,384
Non-operating expenses			
Interest expense	5,802	6,174	(371)
Total expenses	<u>45,764</u>	<u>38,751</u>	<u>7,013</u>
Income before Transfers	<u>1,478</u>	<u>12,830</u>	<u>(11,351)</u>
Transfers, net	<u>(3,085)</u>	<u>(3,085)</u>	<u>-</u>
Change in Net Position	<u>(1,607)</u>	<u>9,745</u>	<u>(11,351)</u>
Net Position, Beginning of Period, as previously reported	<u>153,877</u>	<u>145,613</u>	
Prior period adjustment			
Net Position, Beginning of Period, as restated	<u>146,402</u>	<u>144,132</u>	
Net Position, End of Period	<u>\$ 144,795</u>	<u>\$ 153,877</u>	

Total revenues for the year ended December 31, 2019 decreased \$4.3 million or 8.41%, compared to December 31, 2018. Total operating revenues which primarily consist of water/wastewater fees, decreased by \$5 million or 9.9%. The decrease is due to a wetter summer in 2019. Non-operating revenue increased by \$635 thousand or 46.61%, which was primarily due to increases in investment income.

Total expenses increased \$7 million or 18.10% when compared to the year ended December 31, 2018. The primary reason for the increase was due to reclassifying previously capitalized expenditures. Total operating revenues less operating expenses, or operating margin was \$5.2 million for fiscal year 2019, a decrease of \$12.4 million or 70% compared to fiscal year 2018.

**Table 4. Solid Waste Utility Revenues and Expenses, Year Ended December 31, 2019 and December 31, 2018 (in thousands):**

	Year Ended December 31		
	2019	2018	Change
<b>REVENUES</b>			
Total operating revenues	\$ 14,197	\$ 14,618	\$ (421)
Non-operating revenues, net	800	389	411
Total Revenues	<u>14,997</u>	<u>15,007</u>	<u>(10)</u>
<b>EXPENSES</b>			
Total operating expenses	12,411	11,115	1,296
non-operating expenses			
Interest expense	28	39	(11)
Other expenses	-	-	-
Total expenses	<u>12,440</u>	<u>11,154</u>	<u>1,286</u>
Income before Transfers	<u>2,558</u>	<u>3,853</u>	<u>(1,296)</u>
Transfers, net	<u>(317)</u>	<u>(17)</u>	<u>(300)</u>
Change in Net Position	<u>2,241</u>	<u>3,836</u>	<u>(1,596)</u>
Net Position, Beginning of Period	<u>11,505</u>	<u>7,669</u>	
Net Position, End of Period	<u>\$ 13,746</u>	<u>\$ 11,505</u>	

Total revenues for the year ended December 31, 2019 decreased \$10 thousand or 0.07%, compared to December 31, 2018. Total operating revenues which primarily consist of water/wastewater fees, decreased by \$421 thousand or 2.88%. Non-operating revenue increased by \$411 thousand or 46.61%, which was primarily due to increases in investment income.

Total expenses increased \$1.3 million or 11.53% when compared to the year ended December 31, 2018. The primary reason for the increase was due to increases in salary and benefits (\$480 thousand), increases in landfill charges, worker's compensation payments, and vehicle repairs (\$700 thousand), and increases in supplies (\$93 thousand). Total operating revenues less operating expenses, or operating margin was \$1.7 million for fiscal year 2019, a decrease of \$1.7 million or 49% compared to fiscal year 2018.

# CITY OF LAWRENCE, KANSAS

## Management's Discussion and Analysis (Unaudited) December 31, 2019

### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental funds

The focus of the City's *governmental funds* 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2019, the City's governmental funds reported combined ending fund balances of \$110 million, an increase of \$34.9 million or 46%. The increase was primarily due to the issuance of temporary notes for capital projects. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. During 2019, the fund balance of the general fund increased \$1.5 million or 6% to \$26.9 million. The increase in fund balance was primarily due to increases in property taxes. The revenues increased by \$2 million (2.90%). Taxes increased by \$1.9 million (3.46%) with property taxes increasing \$1.3 million due to increases in assessed valuation, and sales taxes increasing \$668 thousand, and franchise fees decreasing \$50 thousand. Licenses and permit fees decreased \$480 thousand (-23.24%), fines and forfeitures decreased \$331 thousand (-15.24%), and charges for services, interest, and miscellaneous all increased by \$895 thousand (10%). Expenditures increased by \$1.8 million (5.69%). Public Safety increased by \$2.2 million (4.95%) and is the main reason for the increase. The increases in Public Safety were primarily due to increases in pay plan for both MOU employee groups, charges to the central maintenance garage, charges for dispatching services, and charges for housing inmates in the Douglas County Jail.

The debt service fund has a total fund balance of \$12.5 million, all of which is restricted for debt service. The net increase in fund balance during the current year was \$1.7 million. The primary source of revenue for the debt service fund is property taxes currently at 9.322 mills.

The capital projects fund has a total fund balance of \$31.3 million, all of which is restricted for capital projects. The net increase in fund balance during the current year was \$29.4 million. The primary source of revenue for the capital projects fund is general obligation debt. The debt issued in 2019 was \$42 million.

#### Proprietary funds

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

Unrestricted net position of the Water and Sewer Fund at the end of 2019 was \$36 million. The unrestricted net position of the Sanitation Fund at the end of 2019 was \$8.7 million. The decrease in net position for the Water and Sewer Fund was \$1.6 million. The Sanitation Fund had an increase in net position of \$2.2 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### General Fund budgetary highlights

The General Fund is used to account for all activities of the City not otherwise accounted for by a specified fund. It is also the largest of the City's governmental funds, comprised of mostly general tax revenues, and provides basic city services such as Police, Fire and EMS, Parks and Recreation, and Planning and Development, and public works. Each departmental expenditure budget must be developed and justified each year during the legally required budget adoption process. Total General Fund revenues on a budgetary basis were \$71.5 million, \$115 thousand or 0.16% less than the final budget of \$71.6 million. Fiscal year 2019 final revenue budget does not include prior year fund balance. Current year property taxes were \$20 million, which was \$463 thousand or 2.02% less than budget. Current year sales taxes were \$30.3 million, which was \$518 thousand or 1.74% more than budget. Current year Franchise Fees were \$7.4 million, which was \$289 thousand or 3.75% less than budget. Current year Charges for Services were \$8.1 million, which was \$71 thousand or 0.86% less than budget.

Total 2019 General Fund expenditures on a budgetary basis were \$70.8 million, which was \$3.3 million or 4.5% less than the final budgeted expenditures.

### Capital Asset and Debt Administration

**Table 5. Capital Assets Schedule (in thousands):**

Capital assets, net of depreciation, for the governmental and business-type activities are as follows:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018*	2019	2018*
Land	\$ 16,435	\$ 16,435	\$ 6,984	\$ 6,984	\$ 23,418	\$ 23,418
Land improvements	31,337	30,506	214,592	222,045	245,929	252,551
Buildings & Improvements	58,756	62,505	55,406	57,274	114,162	119,779
Other property and equipment	12,717	13,955	15,366	6,867	28,083	20,822
Infrastructure	166,335	161,804	-	-	166,335	161,804
Construction in progress	26,394	17,863	6,140	11,507	32,535	29,370
Total	<u>\$ 311,974</u>	<u>\$ 303,068</u>	<u>\$ 298,488</u>	<u>\$ 304,677</u>	<u>\$ 610,462</u>	<u>\$ 607,744</u>

\* 2018 Business-type activities are shown as restated.

# CITY OF LAWRENCE, KANSAS

## Management's Discussion and Analysis (Unaudited) December 31, 2019

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019, totaled \$311.97 million, and \$298.48 million, net of accumulated depreciation, respectively. This investment in capital assets includes land, buildings and systems, improvements, construction in progress, machinery and equipment, park and recreation facilities, storm sewers, roads, bridges, water, and sewer lines. The City's net investment in capital assets for the year ended December 31, 2019 was \$330 million.

Highlights of capital asset activity during the year ended December 31, 2019 included the following major additions:

- Fire station #1 renovation
- Police headquarters construction began
- 19<sup>th</sup> Street reconstruction (Iowa to Naismith)
- Pedestrian tunnels at Iowa & 19th

For additional information on the City's capital assets, refer to Note 6 to the basic financial statements.

Long-term debt balances for governmental and business-type activities are as follows:

**Table 6. Long-Term Debt Schedule (in thousands):**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 84,878	\$ 89,610	\$ 8,530	\$ 11,800	\$ 93,408	\$101,410
Premium on bonds	2,348	2,386	484	807	2,832	3,194
Notes payable	43,625	6,000	-	-	43,625	6,000
Premium on notes	424	19	-	-	424	19
Water/Wastewater Revenue Bonds	-	-	174,660	181,965	174,660	181,965
Premium on bonds	-	-	16,675	17,592	16,675	17,592
Capital Lease	991	1,144	-	-	991	1,144
Compensated Absences	7,663	6,389	2,300	2,062	9,963	8,451
Net pension liability	59,010	57,632	9,689	11,885	68,699	69,517
Net OPEB liability	13,259	9,976	5,492	4,615	18,751	14,591
Total	<u>\$212,198</u>	<u>\$ 173,156</u>	<u>\$217,831</u>	<u>\$230,726</u>	<u>\$430,029</u>	<u>\$403,882</u>

### Long-term debt

As of December 31, 2019, the City's long-term debt, including capital leases, reflected a net increase of \$21.4 million or 5.31%. General obligation debt decreased by \$8.4 million or 8% in fiscal year 2019. The Revenue bonded debt decreased by \$8.2 million or 4.12% in fiscal year 2019. Temporary notes increased by \$38 million or 632% in fiscal year 2019. Government-wide capital lease obligations decreased by \$152 thousand or 13.32% in fiscal year 2019.

The City of Lawrence maintained its rating of Aa1 on its general obligation debt by Moody's. The City's revenue bonds have been rated Aa2 by Moody's.

Kansas statutes limit the amount of general obligation debt a city may issue to 30 percent of total assessed valuation. On December 31, 2019, the debt limitation for the City of Lawrence was \$311 million. The City's general obligation debt as of December 31, 2019 was \$128 million. This is only 41% of the maximum allowed under statutes. More information on debt may be found in the statistical section of this CAFR beginning with table 13 and on the City's Investor Relations Site <http://lawrenceksbonds.com>.

For additional information on the city's debt, refer to Note 5 to the basic financial statements.

### 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).

City of Lawrence, Kansas

Statement of Net Position  
December 31, 2019

	Primary Government			
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Component Units
<b>Assets and deferred outflows of resources</b>				
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 127,440,674	\$ 29,252,835	\$ 156,693,509	\$ 62,278,450
Receivables (net of allowance for uncollectibles):				
Accounts	2,281,757	8,116,831	10,398,588	42,032,200
Taxes	43,229,286	-	43,229,286	-
Special assessments	12,439,052	-	12,439,052	-
Intergovernmental	2,881,079	-	2,881,079	-
Franchise fees	646,309	-	646,309	-
Loans	749,550	-	749,550	-
Accrued interest	946,971	635,268	1,582,239	-
Internal balances	(4,207,707)	4,207,707	-	-
Inventories	380,988	3,005,282	3,386,270	5,323,931
Due from other entities	-	-	-	1,552,816
Prepaid	477,551	681,928	1,159,479	8,408,183
Other assets	101,815	-	101,815	844,628
<b>Total current assets</b>	<b>187,367,325</b>	<b>45,899,851</b>	<b>233,267,176</b>	<b>120,440,208</b>
Noncurrent assets:				
Restricted cash and investments	-	57,634,446	57,634,446	73,914,758
Investments	-	-	-	12,302,376
Receivables (net of allowance for uncollectibles)	-	-	-	531,830
Capital assets, nondepreciable				
Land	16,434,737	6,983,631	23,418,368	13,757,032
Construction in progress	26,394,192	6,140,490	32,534,682	73,842,764
Capital assets, depreciable	474,289,489	442,510,148	916,799,637	286,849,503
Less: accumulated depreciation	(205,144,761)	(157,146,341)	(362,291,102)	(148,506,311)
<b>Total noncurrent assets</b>	<b>311,973,657</b>	<b>356,122,374</b>	<b>668,096,031</b>	<b>312,691,952</b>
<b>Total assets</b>	<b>499,340,982</b>	<b>402,022,225</b>	<b>901,363,207</b>	<b>433,132,160</b>
Deferred outflows of resources:				
Pension related amounts	10,294,043	1,303,010	11,597,053	582,935
OPEB related amounts	2,388,765	989,525	3,378,290	24,454
<b>Total deferred outflows of resources</b>	<b>12,682,808</b>	<b>2,292,535</b>	<b>14,975,343</b>	<b>607,389</b>
<b>Total assets and deferred outflows of resources</b>	<b>512,023,790</b>	<b>404,314,760</b>	<b>916,338,550</b>	<b>433,739,549</b>
<b>Liabilities and deferred inflows of resources</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	9,971,657	2,713,251	12,684,908	15,597,210
Accrued payroll	1,384,298	435,094	1,819,392	20,114,830
Interest payable	842,007	632,012	1,474,019	1,862,406
Meter deposits payable	-	1,265,169	1,265,169	-
Due to other entities	-	-	-	1,351,246
Unearned revenue	3,771,290	61,443	3,832,733	140,972
Other liabilities	9,426	-	9,426	1,353,690
Current portion of compensated absences payable	3,613,566	1,221,860	4,835,426	102,980
Current portion of revenue bonds payable	-	7,560,000	7,560,000	448,093
Current portion of temporary notes payable	6,000,000	-	6,000,000	-
Current portion of general obligation bonds payable	7,378,000	3,565,000	10,943,000	-
Current portion of capital lease payable	155,420	-	155,420	-
<b>Total current liabilities</b>	<b>33,125,664</b>	<b>17,453,829</b>	<b>50,579,493</b>	<b>40,971,427</b>
Noncurrent liabilities:				
Compensated absences payable	4,049,636	1,077,655	5,127,291	259,284
Total OPEB liability	13,258,987	5,492,418	18,751,405	75,789
Net pension liability	59,009,519	9,689,376	68,698,895	3,382,284
Claims payable	2,190,335	-	2,190,335	-
Temporary notes payable	38,049,421	-	38,049,421	-
General obligation bonds payable	79,847,560	5,449,419	85,296,979	-
Revenue bonds payable	-	183,774,777	183,774,777	94,803,199
Capital lease payable	835,956	-	835,956	-
<b>Total noncurrent liabilities</b>	<b>197,241,414</b>	<b>205,483,645</b>	<b>402,725,059</b>	<b>98,520,556</b>
<b>Total liabilities</b>	<b>230,367,078</b>	<b>222,937,474</b>	<b>453,304,552</b>	<b>139,491,983</b>
Deferred inflows of resources:				
Property and vehicle taxes	36,472,855	-	36,472,855	-
Pension related amounts	4,466,093	914,281	5,380,374	194,718
OPEB related amounts	147,101	60,936	208,037	26,300
<b>Total deferred inflows of resources</b>	<b>41,086,049</b>	<b>975,217</b>	<b>42,061,266</b>	<b>221,018</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>271,453,127</b>	<b>223,912,691</b>	<b>495,365,818</b>	<b>139,713,001</b>
<b>Net position</b>				
Net investment in capital assets	211,012,487	119,110,426	330,122,913	157,078,746
Restricted for:				
Debt service	12,491,540	7,352,080	19,843,620	92,947
Improvements	16,657,904	131,103	16,789,007	20,610
Other purposes	209,231	-	209,231	7,854,834
Unrestricted	199,501	53,808,460	54,007,961	128,979,411
<b>Total net position</b>	<b>\$ 240,570,663</b>	<b>\$ 180,402,069</b>	<b>\$ 420,972,732</b>	<b>\$ 294,026,548</b>

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

City of Lawrence, Kansas

Statement of Activities  
Year Ended December 31, 2019

Net (Expenses) Revenue and Changes in Net Position								
Program Revenues					Primary Government			Component Units
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Total	Total		
				Governmental Activities	Business-type Activities			
<b>Governmental activities</b>								
General government	\$ 28,630,913	\$ 5,042,029	\$ 3,687,899	\$ 36,400	\$ (19,864,585)	\$ -	\$ (19,864,585)	\$ -
Public safety	51,933,937	8,735,242	900,660	838,281	(41,459,754)	-	(41,459,754)	-
Public works	20,326,438	427,713	-	1,302,901	(18,595,824)	-	(18,595,824)	-
Health	1,167,189	168,627	-	-	(998,562)	-	(998,562)	-
Social services	1,512,942	30,536	1,087,061	-	(395,345)	-	(395,345)	-
Culture and recreation	13,859,427	3,966,284	-	-	(9,893,143)	-	(9,893,143)	-
Tourism	1,943,413	2,876	-	-	(1,940,537)	-	(1,940,537)	-
Economic development	1,777,984	51,045	-	-	(1,726,939)	-	(1,726,939)	-
Interest on long-term debt	3,442,110	-	-	-	(3,442,110)	-	(3,442,110)	-
<b>Total governmental activities</b>	<b>124,594,353</b>	<b>18,424,352</b>	<b>5,675,620</b>	<b>2,177,582</b>	<b>(98,316,799)</b>	<b>-</b>	<b>(98,316,799)</b>	<b>-</b>
<b>Business-type activities</b>								
Water and sewer	45,764,237	45,697,915	-	-	-	(66,322)	(66,322)	-
Sanitation	12,439,608	14,738,312	-	-	-	2,298,704	2,298,704	-
Stormwater	2,533,088	3,576,201	-	-	-	1,043,113	1,043,113	-
Public parking	558,725	1,372,765	-	-	-	814,040	814,040	-
Golf course	939,014	932,240	-	-	-	(6,774)	(6,774)	-
<b>Total business-type activities</b>	<b>62,234,672</b>	<b>66,317,433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,082,761</b>	<b>4,082,761</b>	<b>-</b>
<b>Total primary government</b>	<b>186,829,025</b>	<b>84,741,785</b>	<b>5,675,620</b>	<b>2,177,582</b>	<b>(98,316,799)</b>	<b>4,082,761</b>	<b>(94,234,038)</b>	<b>-</b>
<b>Component units</b>								
Lawrence-Douglas County Housing Authority	9,714,221	1,778,627	7,694,097	717,404	-	-	-	475,907
Lawrence Memorial Hospital	298,377,848	278,616,068	3,768,247	2,777,062	-	-	-	(13,216,471)
Lawrence Memorial Hospital Endowment Association	4,052,677	264,077	4,606,050	-	-	-	-	817,450
Lawrence Public Library	5,396,225	168,911	4,886,114	-	-	-	-	(341,200)
<b>Total component units</b>	<b>317,540,971</b>	<b>280,827,683</b>	<b>20,954,508</b>	<b>3,494,466</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,264,314)</b>
<b>General Revenues</b>								
Property and vehicle tax					38,053,817	-	38,053,817	-
Sales, liquor, guest and gas tax					48,920,869	-	48,920,869	-
Franchise tax					7,415,461	-	7,415,461	-
Unrestricted grants and contributions					42,032	-	42,032	-
Interest income					2,939,293	2,224,171	5,163,464	9,356,458
Miscellaneous					3,174,583	820,034	3,994,617	161,112
Transfers, net					3,787,475	(3,787,475)	-	-
<b>Subtotal general revenues and transfers</b>					<b>104,333,530</b>	<b>(743,270)</b>	<b>103,590,260</b>	<b>9,517,570</b>
Change in net position					6,016,731	3,339,491	9,356,222	(2,746,744)
Net position - beginning, as restated					234,553,932	177,062,578	411,616,510	296,773,292
Net position - ending					\$ 240,570,663	\$ 180,402,069	\$ 420,972,732	\$ 294,026,548

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



**City of Lawrence, Kansas**

**Balance Sheet  
Governmental Funds  
December 31, 2019**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 25,891,445	\$ 13,358,077	\$ 33,076,218	\$ 36,098,715	\$ 108,424,455
Receivables:					
Taxes	26,893,049	10,044,460	-	6,291,777	43,229,286
Special assessments	-	12,439,052	-	-	12,439,052
Intergovernmental	18,430	-	-	2,862,649	2,881,079
Accounts (net allowance for uncollectibles)	1,398,380	-	-	821,490	2,219,870
Franchise fees	646,309	-	-	-	646,309
Loans	328,831	8,424	-	412,295	749,550
Accrued interest	231,553	112,515	140,533	296,332	780,933
Due from other funds	484,736	-	-	504	485,240
Prepaid	206,645	-	-	23,386	230,031
Inventories	-	-	-	9,057	9,057
Other assets	-	-	-	101,815	101,815
Restricted assets					
cash and investments	120,000	426	-	2,766,165	2,886,591
<b>Total assets</b>	<b>\$ 56,219,378</b>	<b>\$ 35,962,954</b>	<b>\$ 33,216,751</b>	<b>\$ 49,684,185</b>	<b>\$ 175,083,268</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>					
Liabilities:					
Accounts payable	\$ 3,877,826	\$ 426	\$ 1,911,565	\$ 3,389,230	\$ 9,179,047
Accrued payroll	1,188,079	-	-	165,981	1,354,060
Customer deposits	-	-	-	9,426	9,426
Due to other funds	-	-	-	283,372	283,372
Unearned revenue	2,113,510	987,476	-	670,304	3,771,290
<b>Total liabilities</b>	<b>7,179,415</b>	<b>987,902</b>	<b>1,911,565</b>	<b>4,518,313</b>	<b>14,597,195</b>
Deferred inflows of resources, unavailable revenue	22,042,370	22,483,512	-	5,414,205	49,940,087
<b>Total liabilities and deferred inflows     of resources</b>	<b>29,221,785</b>	<b>23,471,414</b>	<b>1,911,565</b>	<b>9,932,518</b>	<b>64,537,282</b>
Fund balance:					
Nonspendable	206,645	-	-	32,443	239,088
Restricted	-	12,491,540	31,305,186	39,752,020	83,548,746
Assigned	2,081,608	-	-	-	2,081,608
Unassigned	24,709,340	-	-	(32,796)	24,676,544
<b>Total fund balances</b>	<b>26,997,593</b>	<b>12,491,540</b>	<b>31,305,186</b>	<b>39,751,667</b>	<b>110,545,986</b>
<b>Total liabilities, deferred inflows of     resources and fund balances</b>	<b>\$ 56,219,378</b>	<b>\$ 35,962,954</b>	<b>\$ 33,216,751</b>	<b>\$ 49,684,185</b>	<b>\$ 175,083,268</b>

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

**City of Lawrence, Kansas**

**Reconciliation of the Total Governmental Fund Balance to Net Position of Governmental Activities  
December 31, 2019**

Total governmental fund balances		\$ 110,545,986
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	515,902,633	
Accumulated depreciation	<u>(204,130,317)</u>	311,772,316
Internal service funds are used by the City's management to charge the costs of various services to other funds. The assets and liabilities of certain internal service funds are included with governmental activities.		
		8,686,269
Pension and OPEB related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources - pension		10,210,510
Deferred outflows of resources - OPEB		2,321,985
Deferred inflows of resources - pension		(4,407,480)
Deferred inflows of resources - OPEB		(142,989)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		13,467,232
The following liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences	(7,498,130)	
Total OPEB liability	(12,888,319)	
Net pension liability	(58,388,353)	
General obligation bonds payable	(87,225,560)	
Temporary note	(44,049,421)	
Capital lease payable	(991,376)	
Accrued interest on the bonds	<u>(842,007)</u>	(211,883,166)
<b>Net position of governmental activities</b>		<b><u>\$ 240,570,663</u></b>

The notes to the 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, 2019**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 57,711,687	\$ 10,652,722	\$ -	\$ 19,069,129	\$ 87,433,538
Special assessments	-	1,599,336	-	-	1,599,336
Licenses and permits	1,585,563	-	-	-	1,585,563
Charges for services	8,116,278	-	-	4,159,425	12,275,703
Fines, forfeitures and penalties	1,842,364	-	-	55,244	1,897,608
Interest	628,280	314,734	705,425	987,868	2,636,307
Intergovernmental	914,809	-	-	13,468,696	14,383,505
Reimbursements	253,495	298,689	2,894	741,650	1,296,728
Contributions	-	-	779,480	-	779,480
Miscellaneous	436,864	151,432	-	1,206,086	1,794,382
<b>Total revenues</b>	<b>71,489,340</b>	<b>13,016,913</b>	<b>1,487,799</b>	<b>39,688,098</b>	<b>125,682,150</b>
<b>Expenditures:</b>					
Current expenditures:					
General government	11,700,061	11,636	1,513,922	12,670,425	25,896,044
Public safety	45,147,727	-	97,189	855,284	46,100,200
Public works	6,124,928	-	1,161,708	4,717,058	12,003,694
Health	1,027,586	-	-	134,609	1,162,195
Social services	-	-	-	1,211,012	1,211,012
Culture and recreation	4,934,490	-	-	6,499,976	11,434,466
Tourism	-	-	-	1,929,803	1,929,803
Economic development	-	-	-	1,777,984	1,777,984
Capital outlay	286,477	-	11,006,426	11,214,108	22,507,011
Debt service:					
Principal retirement	-	8,715,398	-	48,917	8,764,315
Interest and fiscal charges	-	3,513,643	44,000	1,706	3,559,349
Issuance costs	-	-	252,831	-	252,831
<b>Total expenditures</b>	<b>69,221,269</b>	<b>12,240,677</b>	<b>14,076,076</b>	<b>41,060,882</b>	<b>136,598,904</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,268,071</b>	<b>776,236</b>	<b>(12,588,277)</b>	<b>(1,372,784)</b>	<b>(10,916,754)</b>
Other financing sources (uses):					
Issuance of debt	-	-	41,505,000	-	41,505,000
Issuance of debt premium	-	-	530,809	-	530,809
Sale of property - proceeds received	-	-	-	17,525	17,525
Transfers in	3,667,475	883,000	-	5,537,335	10,087,810
Transfers out	(4,390,553)	-	-	(1,909,782)	(6,300,335)
<b>Total other financing sources (uses)</b>	<b>(723,078)</b>	<b>883,000</b>	<b>42,035,809</b>	<b>3,645,078</b>	<b>45,840,809</b>
Net change in fund balance	1,544,993	1,659,236	29,447,532	2,272,294	34,924,055
Fund balance - beginning	25,452,600	10,832,304	1,857,654	37,479,373	75,621,931
Fund balance - ending	\$ 26,997,593	\$ 12,491,540	\$ 31,305,186	\$ 39,751,667	\$ 110,545,986

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

**City of Lawrence, Kansas**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in  
Fund Balance with the Government-Wide Statement of Activities  
Year Ended December 31, 2019**

Total net change in fund balances - governmental funds	\$	34,924,055
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Amounts reported for governmental activities in the  
statement of activities are different because:

Capital outlays to purchase or build assets are reported in governmental funds  
as expenditures. However, for governmental activities those costs are shown  
in the statement of net position and allocated over their estimated useful lives  
as annual depreciation expenses in the statement of activities. This is the  
amount by which capital outlays exceeds depreciation in the period.

Capital outlays	22,884,884		
Net book value of disposed asset	(222,581)		
Depreciation expense	<u>(13,715,291)</u>		8,947,012

The issuance of long-term debt provides current financial resources to governmental funds,  
while the repayment of the principal of long-term debt consumes the current financial  
resource of governmental funds. Neither transaction has any effect on net position. Also,  
governmental funds report the effect of premiums, discounts and similar items when debt  
is first issued, whereas these amounts are deferred and amortized in the statement of  
activities. This amount is the net effect of these differences in the treatment of long-term  
debt and related items:

Change in accrued interest payable		206,228	
Proceeds on issuance of bonds		(41,505,000)	
Proceeds on issuance of bond premiums		(530,809)	
General obligation and temporary notes principal payments		8,612,000	
Capital lease principal payments		152,315	
Amortization of premiums		163,842	

Internal service funds are used by the City's management to charge the costs  
of certain activities to the individual funds. The revenues and expenses of  
certain internal service funds are reported with governmental activities.

2,282,428

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenues in the funds.

(1,140,969)

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:

Compensated absences		(1,251,450)	
Pension expense		(3,984,751)	
OPEB expense		<u>(858,170)</u>	

**Changes in net position of governmental activities**

**\$ 6,016,731**

City of Lawrence, Kansas

General Fund  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended December 31, 2019

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 58,449,000	\$ 58,449,000	\$ 57,711,687	\$ (737,313)
Licenses and permits	1,576,000	1,576,000	1,585,563	9,563
Charges for services	7,693,000	7,693,000	8,107,071	414,071
Fines, forfeitures, and penalties	2,050,000	2,050,000	1,842,364	(207,636)
Interest	192,000	192,000	628,280	436,280
Intergovernmental	1,332,000	1,332,000	914,809	(417,191)
Miscellaneous	312,000	312,000	699,566	387,566
<b>Total revenues</b>	<b>71,604,000</b>	<b>71,604,000</b>	<b>71,489,340</b>	<b>(114,660)</b>
Expenditures				
General government	12,746,000	12,746,000	11,552,577	(1,193,423)
Public safety	47,942,000	47,942,000	45,479,521	(2,462,479)
Public works	7,455,000	7,455,000	6,394,438	(1,060,562)
Culture and recreation	4,596,000	4,596,000	4,619,826	23,826
Health	1,031,000	1,031,000	1,030,308	(692)
Capital outlay	388,000	388,000	1,750,705	1,362,705
<b>Total expenditures</b>	<b>74,158,000</b>	<b>74,158,000</b>	<b>70,827,375</b>	<b>(3,330,625)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,554,000)</b>	<b>(2,554,000)</b>	<b>661,965</b>	<b>3,215,965</b>
Other financing sources (uses)				
Transfers in	3,657,000	3,657,000	3,667,475	10,475
Transfers out	(1,103,000)	(4,252,000)	(4,390,553)	(138,553)
<b>Total other financing sources (uses)</b>	<b>2,554,000</b>	<b>(595,000)</b>	<b>(723,078)</b>	<b>(128,078)</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses)</b>	<b>\$ -</b>	<b>\$ (3,149,000)</b>	<b>(61,113)</b>	<b>\$ 3,087,887</b>
Fund balance, beginning of year, GAAP basis			25,452,600	
Fund balance, end of year, budget basis			25,391,487	
Adjustments, encumbrances			1,606,106	
Fund balance, end of year, GAAP basis			<b>\$ 26,997,593</b>	

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

City of Lawrence, Kansas

Statement of Net Position  
Proprietary Funds  
December 31, 2019

	Business-Type Activities: Enterprise Funds				Governmental Activities: Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds	Total Enterprise Funds	
<b>Assets and deferred outflows of resources</b>					
Current assets:					
Cash and investments	\$ 1,698,471	\$ 12,230,380	\$ 6,498,815	\$ 20,427,666	\$ 16,129,628
Receivables (net of allowances for uncollectibles):					
Accounts	5,687,382	1,962,799	466,650	8,116,831	61,887
Accrued interest	475,339	107,341	52,588	635,268	166,038
Inventories	3,003,486	-	1,796	3,005,282	371,931
Due from other funds	25,000	-	-	25,000	-
Prepaid	675,350	4,215	2,363	681,928	247,520
Restricted cash:					
Customer deposits	1,248,660	16,509	-	1,265,169	-
Current portion of revenue bonds	7,560,000	-	-	7,560,000	-
<b>Total current assets</b>	<b>20,373,688</b>	<b>14,321,244</b>	<b>7,022,212</b>	<b>41,717,144</b>	<b>16,977,004</b>
Noncurrent assets,					
restricted cash and investments	57,634,446	-	-	57,634,446	-
<b>Total restricted assets</b>	<b>57,634,446</b>	<b>-</b>	<b>-</b>	<b>57,634,446</b>	<b>-</b>
Capital assets:					
Land	4,659,085	-	2,324,546	6,983,631	-
Construction in progress	5,969,834	170,656	-	6,140,490	-
Building and improvements	383,693,653	3,346,813	21,362,668	408,403,134	756,676
Equipment	17,545,269	11,991,444	4,570,301	34,107,014	459,109
Less: accumulated depreciation	(131,740,553)	(9,874,154)	(15,531,634)	(157,146,341)	(1,014,444)
<b>Total capital assets</b>	<b>280,127,288</b>	<b>5,634,759</b>	<b>12,725,881</b>	<b>298,487,928</b>	<b>201,341</b>
<b>Total noncurrent assets</b>	<b>337,761,734</b>	<b>5,634,759</b>	<b>12,725,881</b>	<b>356,122,374</b>	<b>201,341</b>
<b>Total assets</b>	<b>358,135,422</b>	<b>19,956,003</b>	<b>19,748,093</b>	<b>397,839,518</b>	<b>17,178,345</b>
Deferred outflows of resources:					
Pension related amounts	787,075	382,616	133,319	1,303,010	83,533
OPEB related amounts	527,170	355,899	106,456	989,525	66,780
<b>Total deferred outflows of resources</b>	<b>1,314,245</b>	<b>738,515</b>	<b>239,775</b>	<b>2,292,535</b>	<b>150,313</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 359,449,667</b>	<b>\$ 20,694,518</b>	<b>\$ 19,987,868</b>	<b>\$ 400,132,053</b>	<b>\$ 17,328,658</b>
<b>Liabilities and deferred inflows of resources</b>					
Current liabilities:					
Accounts payable	\$ 2,109,419	\$ 344,468	\$ 259,364	\$ 2,713,251	\$ 792,610
Interest payable	625,104	6,908	-	632,012	-
Claims payable	-	-	-	-	2,190,335
Accrued payroll	243,835	148,665	42,594	435,094	30,238
Compensated absences	711,659	375,420	134,781	1,221,860	80,280
Due to other funds	-	-	-	-	226,868
Unearned revenue	-	-	61,443	61,443	-
Current portion of general obligation bonds payable	3,250,000	315,000	-	3,565,000	-
<b>Total unrestricted current liabilities</b>	<b>6,940,017</b>	<b>1,190,461</b>	<b>498,182</b>	<b>8,628,660</b>	<b>3,320,331</b>
Current liabilities payable from restricted assets:					
Customer deposits	1,248,660	16,509	-	1,265,169	-
Current portion of revenue bonds	7,560,000	-	-	7,560,000	-
<b>Total current liabilities payable from restricted assets</b>	<b>8,808,660</b>	<b>16,509</b>	<b>-</b>	<b>8,825,169</b>	<b>-</b>
<b>Total current liabilities</b>	<b>15,748,677</b>	<b>1,206,970</b>	<b>498,182</b>	<b>17,453,829</b>	<b>3,320,331</b>
Noncurrent liabilities:					
Compensated absences	637,782	310,494	129,379	1,077,655	84,792
General obligation bonds payable	5,129,419	320,000	-	5,449,419	-
Revenue bonds payable	183,774,777	-	-	183,774,777	-
Net pension liability	5,852,810	2,845,189	991,377	9,689,376	621,166
Total OPEB liability	2,926,091	1,975,439	590,888	5,492,418	370,668
<b>Total noncurrent liabilities</b>	<b>198,320,879</b>	<b>5,451,122</b>	<b>1,711,644</b>	<b>205,483,645</b>	<b>1,076,626</b>
<b>Total liabilities</b>	<b>214,069,556</b>	<b>6,658,092</b>	<b>2,209,826</b>	<b>222,937,474</b>	<b>4,396,957</b>
Deferred inflows of resources:					
Pension related amounts	552,266	268,469	93,546	914,281	58,613
OPEB related amounts	32,464	21,917	6,555	60,936	4,112
<b>Total deferred inflows of resources</b>	<b>584,730</b>	<b>290,386</b>	<b>100,101</b>	<b>975,217</b>	<b>62,725</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 214,654,286</b>	<b>\$ 6,948,478</b>	<b>\$ 2,309,927</b>	<b>\$ 223,912,691</b>	<b>\$ 4,459,682</b>
<b>Net position</b>					
Net investment in capital assets	\$ 101,384,786	\$ 4,999,759	\$ 12,725,881	\$ 119,110,426	\$ 201,341
Restricted for:					
Debt service	7,352,080	-	-	7,352,080	-
Capital outlay	131,103	-	-	131,103	-
Unrestricted	35,927,412	8,746,281	4,952,060	49,625,753	12,667,635
<b>Total net position</b>	<b>\$ 144,795,381</b>	<b>\$ 13,746,040</b>	<b>\$ 17,677,941</b>	<b>176,219,362</b>	<b>\$ 12,868,976</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>4,182,707</u>	
Net position of business-type activities				<u>\$ 180,402,069</u>	

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

**City of Lawrence, Kansas**

**Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended December 31, 2019**

	Business-Type Activities: Enterprise Funds			Governmental Activities:	
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
<b>Operating revenue</b>					
Charges for services	\$ 44,970,127	\$ 14,197,426	\$ 5,745,066	\$ 64,912,619	\$ 19,435,251
Other sales	273,443	-	30,000	303,443	-
<b>Total operating revenues</b>	<u>45,243,570</u>	<u>14,197,426</u>	<u>5,775,066</u>	<u>65,216,062</u>	<u>19,435,251</u>
<b>Operating expenses</b>					
Continuing operations	-	11,373,548	2,955,087	14,328,635	5,196,060
Transmission and distribution	22,653,061	-	-	22,653,061	-
General administration	7,712,967	36,181	32,105	7,781,253	2,221,462
Health insurance claims	-	-	-	-	8,885,714
Depreciation	9,595,747	1,001,670	1,043,635	11,641,052	41,203
<b>Total operating expense</b>	<u>39,961,775</u>	<u>12,411,399</u>	<u>4,030,827</u>	<u>56,404,001</u>	<u>16,344,439</u>
<b>Operating income</b>	<u>5,281,795</u>	<u>1,786,027</u>	<u>1,744,239</u>	<u>8,812,061</u>	<u>3,090,812</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	1,625,853	278,675	158,777	2,063,305	331,118
Interest expense	(5,802,462)	(28,209)	-	(5,830,671)	-
Gain (loss) on sale of capital assets	29,329	-	(50,104)	(20,775)	9,633
Miscellaneous	343,541	521,205	32,206	896,952	56,959
<b>Total nonoperating revenues (expenses)</b>	<u>(3,803,739)</u>	<u>771,671</u>	<u>140,879</u>	<u>(2,891,189)</u>	<u>397,710</u>
<b>Income before transfers</b>	<u>1,478,056</u>	<u>2,557,698</u>	<u>1,885,118</u>	<u>5,920,872</u>	<u>3,488,522</u>
Transfers in	-	-	-	-	60,000
Transfers out	(3,085,000)	(317,000)	(427,000)	(3,829,000)	(18,475)
<b>Total transfers</b>	<u>(3,085,000)</u>	<u>(317,000)</u>	<u>(427,000)</u>	<u>(3,829,000)</u>	<u>41,525</u>
<b>Change in net position</b>	<u>(1,606,944)</u>	<u>2,240,698</u>	<u>1,458,118</u>	<u>2,091,872</u>	<u>3,530,047</u>
Net position, beginning, as restated	<u>146,402,325</u>	<u>11,505,342</u>	<u>16,219,823</u>	<u>174,127,490</u>	<u>9,338,929</u>
Net position, ending	<u>\$ 144,795,381</u>	<u>\$ 13,746,040</u>	<u>\$ 17,677,941</u>	<u>176,219,362</u>	<u>\$ 12,868,976</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				<u>1,247,619</u>	
Change in net position of business-type activities				<u>\$ 3,339,491</u>	

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

**City of Lawrence, Kansas**

**Statement of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2019**

	Business-Type Activities: Enterprise Funds			Governmental Activities:	
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers and users	\$ 44,736,077	\$ 13,839,025	\$ 5,813,330	\$ 64,388,432	\$ 19,442,072
Cash paid to suppliers of goods and services	(23,872,616)	(7,291,066)	(1,522,722)	(32,686,404)	(14,916,209)
Cash paid to employees	(9,518,307)	(4,353,013)	(2,142,455)	(16,013,775)	(884,270)
<b>Net cash provided by operating activities</b>	<b>11,345,154</b>	<b>2,194,946</b>	<b>2,148,153</b>	<b>15,688,253</b>	<b>3,641,593</b>
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(2,682,075)	(1,727,350)	(132,843)	(4,542,268)	-
Proceeds from sale of capital assets	29,329	-	-	29,329	9,632
Proceeds from other capital activities	343,541	521,205	32,207	896,953	56,959
Principal payments on general obligation bonds	(3,115,000)	(155,000)	-	(3,270,000)	-
Principal payments on revenue bonds	(7,305,000)	-	-	(7,305,000)	-
Interest payments on debt	(7,749,799)	(31,355)	-	(7,781,154)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(20,479,004)</b>	<b>(1,392,500)</b>	<b>(100,636)</b>	<b>(21,972,140)</b>	<b>66,591</b>
Cash flows from noncapital financing activities:					
Interfund loan	(25,000)	-	-	(25,000)	160,221
Transfers in	-	-	-	-	60,000
Transfers out	(3,085,000)	(317,000)	(427,000)	(3,829,000)	(18,475)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(3,110,000)</b>	<b>(317,000)</b>	<b>(427,000)</b>	<b>(3,854,000)</b>	<b>201,746</b>
Cash flows from investing activities:					
Purchase of investments	(125,582,157)	(26,077,790)	(7,647,153)	(159,307,100)	(66,212,082)
Sale of investments	69,137,306	14,348,150	1,455,007	84,940,463	51,384,354
Interest received	1,618,050	233,289	134,115	1,985,454	292,208
<b>Net cash used in investing activities</b>	<b>(54,826,801)</b>	<b>(11,496,351)</b>	<b>(6,058,031)</b>	<b>(72,381,183)</b>	<b>(14,535,520)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(67,070,651)</b>	<b>(11,010,905)</b>	<b>(4,437,514)</b>	<b>(82,519,070)</b>	<b>(10,625,590)</b>
Cash and cash equivalents, beginning	78,767,377	11,528,154	4,744,183	95,039,714	11,927,490
Cash and cash equivalents, ending	<u>\$ 11,696,726</u>	<u>\$ 517,249</u>	<u>\$ 306,669</u>	<u>\$ 12,520,644</u>	<u>\$ 1,301,900</u>

(Continued)

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



**City of Lawrence, Kansas**

**Statement of Cash Flows (Continued)  
Proprietary Funds  
Year Ended December 31, 2019**

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds	Governmental Activities: Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds		
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income	\$ 5,281,795	\$ 1,786,027	\$ 1,744,239	\$ 8,812,061	\$ 3,090,812
Net cash provided by operating activities:					
Depreciation expense	9,595,747	1,001,670	1,043,635	11,641,052	41,203
(Increase) decrease in accounts receivable	(580,762)	(353,652)	(75,064)	(1,009,478)	3,834
(Increase) decrease in inventories	(175,453)	-	6,011	(169,442)	(4,848)
(Increase) decrease in prepaids	(168,528)	(4,215)	(2,363)	(175,106)	(247,520)
(Increase) decrease in deferred outflows				-	
Pension related amounts	271,336	117,664	139,764	528,764	17,552
OPEB related amounts	(527,170)	(355,899)	(106,456)	(989,525)	(66,780)
Increase (decrease) in meter deposits payable	73,269	(4,749)	-	68,520	-
Increase (decrease) in accounts payable	(1,730,187)	(146,248)	582	(1,875,853)	361,892
Increase (decrease) in claims payable	-	-	-	-	375,205
Increase (decrease) in accrued payroll	(18,154)	20,964	(3,514)	(704)	2,101
Increase (decrease) in net pension liability	(1,124,116)	(452,618)	(619,222)	(2,195,956)	(45,175)
Increase (decrease) in total OPEB liability	407,261	457,796	12,492	877,549	90,798
Increase (decrease) in deferred inflows					
Pension related amounts	(59,206)	(20,558)	(29,954)	(109,718)	214
OPEB related amounts	(7,888)	(2,397)	(2,710)	(12,995)	(371)
Increase (decrease) in unearned revenue	-	-	61,443	61,443	-
Increase (decrease) in accrued compensated absences	107,210	151,161	(20,730)	237,641	22,676
<b>Net cash provided by operating activities</b>	<b>\$ 11,345,154</b>	<b>\$ 2,194,946</b>	<b>\$ 2,148,153</b>	<b>\$ 15,688,253</b>	<b>\$ 3,641,593</b>
Noncash capital activities-capital assets in accounts payable	\$ 785,342	\$ -	\$ 174,858	\$ 960,200	\$ -
Cash and investment amounts reported on the statement of net position:					
Cash and investments	\$ 1,698,471	\$ 12,230,380	\$ 6,498,815	\$ 20,427,666	\$ 1,301,900
Restricted cash - customer deposits	1,248,660	16,509	-	1,265,169	-
Restricted cash - revenue bonds	7,560,000	-	-	7,560,000	-
Restricted cash and investments - noncurrent	57,634,446	-	-	57,634,446	-
	<b>\$ 68,141,577</b>	<b>\$ 12,246,889</b>	<b>\$ 6,498,815</b>	<b>\$ 86,887,281</b>	<b>\$ 1,301,900</b>
Reconciliation of amounts reported on the statement of net position:					
Cash and cash equivalents	\$ 11,696,726	\$ 517,249	\$ 306,669	\$ 12,520,644	\$ 1,301,900
Investments	56,444,851	11,729,640	6,192,146	74,366,637	14,827,728
<b>Total cash and investments</b>	<b>\$ 68,141,577</b>	<b>\$ 12,246,889</b>	<b>\$ 6,498,815</b>	<b>\$ 86,887,281</b>	<b>\$ 16,129,628</b>

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

City of Lawrence, Kansas

Statement of Net Position  
Discretely Presented Component Units  
December 31, 2019

	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	Lawrence Memorial Hospital Endowment Association	Lawrence Public Library	Total Component Units
<b>Assets and deferred outflows of resources</b>					
Current assets:					
Cash and investments	\$ 7,220,330	\$ 52,940,327	\$ 716,628	\$ 1,401,165	\$ 62,278,450
Receivables (net of allowances for uncollectibles)	39,492	40,631,231	1,361,477	-	42,032,200
Due from other entities	157,043	1,395,773	-	-	1,552,816
Inventories	88,334	5,235,597	-	-	5,323,931
Prepaid	95,254	8,312,929	-	-	8,408,183
Other assets	-	844,628	-	-	844,628
Restricted cash	270,293	1,862,407	-	-	2,132,700
<b>Total current assets</b>	<b>7,870,746</b>	<b>111,222,892</b>	<b>2,078,105</b>	<b>1,401,165</b>	<b>122,572,908</b>
Noncurrent assets:					
Restricted cash and investments	-	71,782,058	-	-	71,782,058
Investments	-	-	12,302,376	-	12,302,376
Receivables (net of allowances for uncollectibles)	-	-	531,830	-	531,830
Capital assets:					
Capital assets, nondepreciable					
Land	1,128,679	12,628,353	-	-	13,757,032
Construction in progress	831,578	73,011,186	-	-	73,842,764
Capital assets, depreciable	26,749,074	255,351,422	-	4,749,007	286,849,503
Less: accumulated depreciation	(15,677,340)	(130,683,505)	-	(2,145,466)	(148,506,311)
<b>Total capital assets</b>	<b>13,031,991</b>	<b>210,307,456</b>	<b>-</b>	<b>2,603,541</b>	<b>225,942,988</b>
<b>Total noncurrent assets</b>	<b>13,031,991</b>	<b>282,089,514</b>	<b>12,834,206</b>	<b>2,603,541</b>	<b>310,559,252</b>
<b>Total assets</b>	<b>20,902,737</b>	<b>393,312,406</b>	<b>14,912,311</b>	<b>4,004,706</b>	<b>433,132,160</b>
Deferred outflows of resources:					
Pension related amounts	177,449	-	-	405,486	582,935
OPEB related amounts	10,352	-	-	14,102	24,454
<b>Total deferred outflows of resources</b>	<b>187,801</b>	<b>-</b>	<b>-</b>	<b>419,588</b>	<b>607,389</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 21,090,538</b>	<b>\$ 393,312,406</b>	<b>\$ 14,912,311</b>	<b>\$ 4,424,294</b>	<b>\$ 433,739,549</b>
<b>Liabilities and deferred inflows of resources</b>					
Liabilities:					
Current liabilities					
Accounts payable	\$ 58,016	\$ 15,484,090	\$ 4,563	\$ 50,541	\$ 15,597,210
Interest payable	-	1,862,406	-	-	1,862,406
Accrued payroll and expenses	81,088	20,031,328	-	2,414	20,114,830
Due to other entities	103,580	1,247,666	-	-	1,351,246
Unearned revenue	140,972	-	-	-	140,972
Other liabilities	187,040	1,166,376	274	-	1,353,690
Current portion of compensated absences	10,500	-	-	92,480	102,980
Current portion of revenue bonds payable	-	448,093	-	-	448,093
<b>Total current liabilities</b>	<b>581,196</b>	<b>40,239,959</b>	<b>4,837</b>	<b>145,435</b>	<b>40,971,427</b>
Noncurrent liabilities:					
Compensated absences	94,499	-	-	164,785	259,284
Revenue bonds payable	-	94,803,199	-	-	94,803,199
Net pension liability	1,435,367	-	-	1,946,917	3,382,284
Total OPEB liability	27,575	-	-	48,214	75,789
<b>Total noncurrent liabilities</b>	<b>1,557,441</b>	<b>94,803,199</b>	<b>-</b>	<b>2,159,916</b>	<b>98,520,556</b>
<b>Total liabilities</b>	<b>2,138,637</b>	<b>135,043,158</b>	<b>4,837</b>	<b>2,305,351</b>	<b>139,491,983</b>
Deferred inflows of resources:					
Pension related amounts	137,643	-	-	57,075	194,718
OPEB related amounts	19,432	-	-	6,868	26,300
<b>Total deferred inflows of resources</b>	<b>157,075</b>	<b>-</b>	<b>-</b>	<b>63,943</b>	<b>221,018</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 2,295,712</b>	<b>\$ 135,043,158</b>	<b>\$ 4,837</b>	<b>\$ 2,369,294</b>	<b>\$ 139,713,001</b>
<b>Net position</b>					
Net investment in capital assets	\$ 13,031,991	\$ 141,443,214	\$ -	\$ 2,603,541	157,078,746
Restricted for:					
Debt service	-	92,947	-	-	92,947
Hospital - capital acquisition	-	20,610	-	-	20,610
Hospital - specific operating activities	-	4,114	7,767,468	-	7,771,582
Housing assistance	83,252	-	-	-	83,252
Unrestricted	5,679,583	116,708,363	7,140,006	(548,541)	128,979,411
<b>Total net position</b>	<b>\$ 18,794,826</b>	<b>\$ 258,269,248</b>	<b>\$ 14,907,474</b>	<b>\$ 2,055,000</b>	<b>\$ 294,026,548</b>

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

City of Lawrence, Kansas

Statement of Activities  
Discretely Presented Component Units  
Year Ended December 31, 2019

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position				Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	Lawrence Memorial Hospital Endowment Association	Lawrence Public Library	
<b>Component units</b>									
Lawrence-Douglas County Housing Authority	\$ 9,714,221	\$ 1,778,627	\$ 7,694,097	\$ 717,404	\$ 475,907	\$ -	\$ -	\$ -	\$ 475,907
Lawrence Memorial Hospital	298,377,848	278,616,068	3,768,247	2,777,062	-	(13,216,471)	-	-	(13,216,471)
Lawrence Memorial Hospital Endowment Association	4,052,677	264,077	4,606,050	-	-	-	817,450	-	817,450
Lawrence Public Library	5,396,225	168,911	4,886,114	-	-	-	-	(341,200)	(341,200)
<b>Total component units</b>	<u>\$ 317,540,971</u>	<u>\$ 280,827,683</u>	<u>\$ 20,954,508</u>	<u>\$ 3,494,466</u>	<u>475,907</u>	<u>(13,216,471)</u>	<u>817,450</u>	<u>(341,200)</u>	<u>(12,264,314)</u>
<b>General Revenues</b>									
Interest income					39,610	7,131,358	2,137,214	48,276	9,356,458
Miscellaneous					-	148,070	-	13,042	161,112
<b>Subtotal general revenues</b>					<u>39,610</u>	<u>7,279,428</u>	<u>2,137,214</u>	<u>61,318</u>	<u>9,517,570</u>
Change in net position					515,517	(5,937,043)	2,954,664	(279,882)	(2,746,744)
Net position - beginning, as restated					<u>18,279,309</u>	<u>264,206,291</u>	<u>11,952,810</u>	<u>2,334,882</u>	<u>296,773,292</u>
Net position - ending					<u>\$ 18,794,826</u>	<u>\$ 258,269,248</u>	<u>\$ 14,907,474</u>	<u>\$ 2,055,000</u>	<u>\$ 294,026,548</u>

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

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 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.

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all 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 the 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 and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are 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 expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are due and are expected to be liquidated with expendable available financial resources.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

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.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. 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 capital 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 and agencies of the government on a cost-reimbursement basis. The City has six internal service funds. The General Liability Fund accounts for the payment of auto and general liability insurance claims. The Workers Comp Liability Fund accounts for the payment of workers compensation claims. The Central Maintenance Fund accounts for the repairs and maintenance expenses of the City's fleet of vehicles and equipment. The Stores Fund accounts for the purchase of office supplies. The Health Insurance Fund accounts for the payments of health insurance claims. The Administrative Services Fund accounts for the City's information systems, risk management, human resources and finance departments' expenses. These expenses are charged to other City funds based on certain criteria and ratios.

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. This is the City's primary operating 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 the Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**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.

**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) and Debt Service Funds.

A legal annual operating budget is not required for the Capital Projects Fund, Internal Service Funds and some of the Special Revenue Funds. The City prepares and adopts budgets for all funds except for internal service funds, however, only those funds with a legally required budget have been included in this report.

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

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

To amend originally adopted budgeted revenues or expenditures, 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. The statutes allow the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. The City Commission amended the budget for revenues that were not ad valorem property tax related for the following funds in 2019:

Debt Service Fund  
Sanitation Fund  
City Parks Memorial Fund

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.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**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 the end of each fiscal year, based on the percentage of funds invested to total investment. All investments are carried at fair value.

#### Receivables and payables:

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

**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 receivables are not available as a resource that can be used to finance the current year operations of the City and, therefore, are susceptible to accrual, but not recognized as revenue until the year for which they are levied. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2020. 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 statute, property and vehicle taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property and vehicle 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 to the County 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. The County receives 10% in December and then 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.

**Special assessments receivable:** Special assessments receivable reflects the property taxes collectable by the City for the purpose of repaying the Special Assessment debt held by the City. The amount collectable by the City is reduced each year as the taxes are levied against the property and, subsequently, collected by the City. Special assessments receivable is expressed net of allowances for doubtful accounts, based on foreclosed properties. At December 31, 2019, the City had \$11,921,478 in special assessments receivable in the Debt Service Fund. In the governmental funds, this receivable is reported as unavailable revenue, and recognized as revenue in the period the amounts become available.

**Interfund activity:** Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

The City has the following types of interfund activity:

**Due to/from other funds**—amounts provided with a requirement for repayment. Advances to other funds are reported as receivables in lender funds and payables in borrower funds, and are considered long-term in nature.

**Transfers**—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

**Capital assets:** Capital 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. Capital assets are defined by the City as assets with an estimated useful life of two or more years and an initial, individual cost of more than \$20,000 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 acquisition 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 costs 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 the Basic Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

**Bond premiums, discounts and issuance costs:** In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are recognized as an expense in the year in which the costs were incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and any related premiums or discounts are reported as other financing sources/uses. Issuance costs are reported as a debt service expenditure in the year in which the costs were incurred.

**Compensated absences:** Under the 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. All vacation and sick leave is accrued when incurred in the government wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are paid from the fund in which the employees are paid.

**Use of estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

**Unearned revenue:** Unearned revenue arises when resources are received by the City but not yet recognized as revenue since it has not been earned. In subsequent periods when all applicable eligibility requirements are met, revenue is recognized.

**Deferred outflows/inflows of resources:** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The deferred outflow related to pension consists of unrecognized items not yet charged to pension expense related to the net pension obligation, and contributions paid by the City after the measurement date but before the end of the City's reporting period. The deferred outflow related to OPEB consists of unamortized items not yet charged to OPEB expense.

Notes to the Basic Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues primarily from property taxes and special assessments along with other miscellaneous revenues. In the City's government-wide statements, the property and vehicle tax revenues remain as a deferred inflow of resources and will become an inflow in the year for which the taxes are levied. The City's government-wide and proprietary fund statements include unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the City's contribution and proportionate share of contributions all related to the net pension liability. The City's government-wide statements and proprietary fund statements also include unamortized items not yet charged to OPEB expense.

**Fund equity:** In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city commission through resolution approved prior to year-end. Any modification of the commitment requires the same type of action. Assigned fund balances include amounts that are constrained by the City management's or governing body's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, in other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that governmental fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted amounts are considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

On September 19, 2017, the Governing Body approved a fund balance policy for the General Fund. The policy states the City shall maintain a minimum unassigned fund balance equal to 25% of the following year's expenditure budget. The policy allows for the City to reduce the unassigned Fund Balance in the General Fund below the 25% target to provide temporary funding for emergency needs in the case of a natural disaster, prolonged economic downturn, or other non-recurring need at the Governing Body's discretion. If it is anticipated at the completion of any fiscal year that the projected amount of fund balance in the General Fund will be less than the minimum established target, the balance shall be restored to the minimum target amount within a five-year period.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 1. Summary of Significant Accounting Policies (Continued)

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund		
Fund balances:					
Nonspendable for:					
Prepays	\$ 206,645	\$ -	\$ -	\$ 23,386	\$ 230,031
Inventories	-	-	-	9,057	9,057
Total nonspendable for	206,645	-	-	32,443	239,088
Restricted for:					
Capital outlay	-	-	31,305,186	4,347,871	35,653,057
Debt service	-	12,491,540	-	-	12,491,540
General government	-	-	-	18,021,392	18,021,392
Public safety	-	-	-	1,222,125	1,222,125
Public works	-	-	-	12,576,988	12,576,988
Social service	-	-	-	209,231	209,231
Culture and recreation	-	-	-	2,113,946	2,113,946
Tourism	-	-	-	671,621	671,621
Economic development	-	-	-	588,846	588,846
Total restricted for	-	12,491,540	31,305,186	39,752,020	83,548,746
Assigned for:					
General government	67,048	-	-	-	67,048
Public safety	1,510,244	-	-	-	1,510,244
Public works	474,731	-	-	-	474,731
Health	2,722	-	-	-	2,722
Culture and recreation	26,863	-	-	-	26,863
Total assigned for	2,081,608	-	-	-	2,081,608
Unassigned	24,709,340	-	-	(32,796)	24,676,544
	<u>\$ 26,997,593</u>	<u>\$ 12,491,540</u>	<u>\$ 31,305,186</u>	<u>\$ 39,751,667</u>	<u>\$ 110,545,986</u>

#### Net position:

**Net position classifications:** In the government-wide and proprietary fund financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three components:

*Net investment in capital assets*—consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position*—consisting of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities for which restricted and unrestricted net position is available. Net position restricted through enabling legislation consists of \$19,843,620 for debt service, \$16,666,961 for improvements and \$209,231 for other purposes.

*Unrestricted net position*—all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 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, generally accepted accounting principles establish financial accountability as the threshold for including an organization in the financial statements of the reporting entity. Financial accountability results from one of the following criteria:

1. The City of Lawrence, as the primary government, is financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization. There also 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 programs, 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 considered 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 considered a component unit because it satisfies criterion 1 above. In addition, the hospital has its own discretely presented component unit, the Lawrence Memorial Hospital Endowment Association, which is also presented as a discretely presented component unit in the City's financial statements. The Endowment Association reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Endowment Association's statements in the City's financial reporting entity for these differences.

The 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 considered a component unit because it satisfies criteria 1 & 2 above.

Based on this analysis, the following organization has been classified as a component unit of the City of Lawrence and is presented on the blended basis:

eXplore Lawrence is a private, not-for-profit organization with the purpose to promote, support, foster and develop programs which endeavor to increase general tourism and visitations to Lawrence. eXplore Lawrence's primary funding is through a contract with the City of Lawrence. eXplore Lawrence is governed by seven voting members appointed by the Mayor with approval by the City Commission. Additionally, the Organization has three ex-officio members: the City Manager or designee from the City Manager's Office; the Director of Downtown Lawrence, Inc. or staff designee; and the Lawrence Chamber of Commerce CEO or staff designee. eXplore Lawrence is considered a blended component unit and is therefore combined within the City's primary governing statements as a Special Revenue Fund.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 2. Reporting Entity (Continued)

eXplore Lawrence is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB), including Topic 958. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to eXplore Lawrence's financial information in the City's financial statements for these differences.

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

Lawrence Housing Authority  
1600 Haskell Avenue  
Lawrence, Kansas 66044

Lawrence Memorial Hospital  
325 Main Street  
Lawrence, Kansas 66044

Lawrence Public Library  
707 Vermont Street  
Lawrence, Kansas 66044

eXplore Lawrence  
200 W. 9th Street  
Lawrence, Kansas 66044

#### Note 3. Deposits and Investments

At December 31, 2019, the City's carrying values of cash and investments are summarized as follows:

Cash and cash equivalents:

Deposits	\$ 19,651,500
Certificates of deposit	82,467,153
Petty cash	6,138
Total cash and cash equivalents	<u>102,124,791</u>

Investments:

Kansas Municipal investment pool	33,812
U.S. Treasury notes	28,725,894
U.S. Federal Agency issues	83,443,458
Total investments	<u>112,203,164</u>

Total cash and investments	<u><u>\$ 214,327,955</u></u>
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**Fair value measurements:** The City categorizes its assets measured at fair value within the hierarchy established by generally accepted accounting principles. Assets valued at fair value are categorized based on inputs to valuation techniques as follows:

**Level 1 input:** Quoted prices for identical assets in an active market that an entity has the ability to access.

**Level 2 input:** Quoted prices for similar assets in active markets and inputs that are observable for the asset, either directly or indirectly, for substantially the full term of the asset or liability.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 3. Deposits and Investments (Continued)

**Level 3 input:** Inputs that are unobservable for the asset which are typically based upon the City's own assumptions as there is little, if any, related market activity.

**Hierarchy:** The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

**Inputs:** If the fair value of an asset is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

For the City, the following fair value techniques were utilized in measuring the fair value of its investments:

**U.S. Treasury notes:** These investments are reported at fair value using other observable significant inputs including but not limited to quoted prices for similar securities, interest rates and fixed-income pricing models.

**Federal Agency issues:** U.S. Government securities are reported at fair value based on bullet (noncall) spread scale for each issuer for maturities going out to 40 years. These spreads represent credit risk and are obtained from the new issue market, secondary trading and dealer quotes.

An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

The City has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

At December 31, 2019, the City held the following investments:

	Fair Value Measurement	Rating	Maturity	Fair Value Hierarchy Level
Investments by fair value level:				
Federal Agency issues:				
Federal Home Loan Bank (FHLB)	\$ 53,135,821	Moody's Aaa	2/11/2020 to 12/11/2020	2
Federal National Mortgage Association (FNMA)	22,791,422	Moody's Aaa	1/17/2020 to 11/30/2020	2
Federal Farm Credit Bank (FFCB)	7,516,215	Moody's Aaa	11/27/2020 to 12/23/2020	2
U.S. Treasury notes	28,725,894	Moody's Aaa	1/31/2020 to 4/15/2020	1
	<u>112,169,352</u>			
Investments measured by the net asset value (NAV)				
Kansas Municipal Investment Pool	33,812	N/A	Current	
	<u>\$ 112,203,164</u>			

The amount invested in the Kansas Municipal Investment Pool is measured at the net asset value, having an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### **Note 3. Deposits and Investments (Continued)**

At December 31, 2019, the City had \$33,812 invested in the State of Kansas's municipal investment pool. The Kansas Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

The City Commission has adopted an Investment and Cash Management Policy that is reviewed annually by the Pooled Money Investment Board. The City's policy was certified by the Association of Public Treasurers of the United States and Canada. The policy establishes performance standards, legal authority and procedures for the City's investments.

**Interest rate risk:** As a means of limiting exposure to fair value losses arising from rising interest rates, the City's investment policy limits its investment maturities to less than four years.

**Credit risk:** Kansas statutes and City policy limit the investment of public funds to certificates of deposit and U.S. Treasury obligations. The City of Lawrence has been granted expanded investment powers by the Pooled Money Investment Board of the State of Kansas and has adopted a policy detailing their ability to also invest in the obligation of government sponsored corporations. The obligations of government sponsored corporations are not liabilities of the U.S. government and do pose some credit risk. The City has no formal policy relating to the additional risks posed by implicitly guaranteed government agencies.

**Concentration of credit risk:** The City of Lawrence's investment policy does not allow for more than 50% of the City's cash and investment portfolio to be invested in the certificates of deposit of any one institution.

As of December 31, 2019, the City's investments include FNMA, FHLB and FFCB, which represent 20%, 47% and 7%, respectively, of total investments.

**Custodial credit risk-deposit:** In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned. Under State statute, deposits and certificates of deposit (CD) must be 100% collateralized except during certain limited times when counties are distributing property taxes to underlying taxing jurisdictions. State law permits banks to pledge a wide variety of instruments as collateral, including letters of credit and tradable securities. The City has an FHLB letter of credit pledged as collateral for all deposits held at US Bank. When the City opens a CD with a bank, the bank is required to provide the collateral pledge and the City's investment advisor confirms the value of the collateral using a third-party pricing service and confirms that the collateral pledge is sufficient to cover the amount of the CD. The City's investment advisor also marks to market the collateral each Friday and the last day of the month for all CDs owned by the City. If the value of the collateral has dropped below the required amount, the City's investment advisor coordinates with the appropriate bank to have additional collateral pledged.

**Custodial credit risk-investments:** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction the City will not be able to recover the value of investment. The City's investments in government securities are registered in the name of the City and therefore not exposed to custodial credit risk.

**City of Lawrence, Kansas**

**Notes to the Basic Financial Statements**

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**Note 4. Tax Revenue**

Tax revenue for the year ended December 31, 2019 is as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Other Governmental Funds	
Property taxes	\$ 20,519,700	\$ 9,738,089	\$ 5,357,037	\$ 35,614,826
Motor vehicle taxes	1,881,308	914,633	390,031	3,185,972
Utility franchise taxes	7,415,462	-	-	7,415,462
Sales tax	27,895,217	-	13,322,061	41,217,278
Total	<u>\$ 57,711,687</u>	<u>\$ 10,652,722</u>	<u>\$ 19,069,129</u>	<u>\$ 87,433,538</u>

Included in intergovernmental revenue in the governmental fund financial statements is also approximately \$7 million of state liquor tax, state guest tax and state fuel tax. These tax revenues are presented as intergovernmental revenues because they were received from the State.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2019 were as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Library Funds	
Levy	\$ 19.952	\$ 9.322	\$ 4.045	\$ 33.319



## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 5. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended December 31, 2019:

Type of Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 89,610,000	\$ 3,880,000	\$ 8,612,000	\$ 84,878,000	\$ 7,378,000
General obligation bonds premium	2,386,494	115,648	154,582	2,347,560	-
General obligation bonds, net	91,996,494	3,995,648	8,766,582	87,225,560	7,378,000
General obligation temporary note	6,000,000	37,625,000	-	43,625,000	6,000,000
General obligation temporary note premium	18,520	415,161	9,260	424,421	-
General obligation temporary note, net	6,018,520	38,040,161	9,260	44,049,421	6,000,000
Capital lease	1,143,691	-	152,315	991,376	155,420
Compensated absences	6,389,076	4,122,059	2,847,933	7,663,202	3,613,566
Net pension liability	57,632,046	1,377,473	-	59,009,519	-
Total OPEB liability	9,975,691	3,283,296	-	13,258,987	-
Total	\$ 173,155,518	\$ 50,818,637	\$ 11,776,090	\$ 212,198,065	\$ 17,146,986
Business-type activities:					
General obligation bonds	\$ 11,800,000	\$ -	\$ 3,270,000	\$ 8,530,000	\$ 3,565,000
General obligation premium	807,365	-	322,946	484,419	-
General obligation, net	12,607,365	-	3,592,946	9,014,419	3,565,000
Revenue bonds	181,965,000	-	7,305,000	174,660,000	7,560,000
Revenue bonds premium	17,592,038	-	917,261	16,674,777	-
Revenue bonds, net	199,557,038	-	8,222,261	191,334,777	7,560,000
Compensated absences	2,061,874	1,240,684	1,003,043	2,299,515	1,221,860
Net pension liability	11,885,332	-	2,195,956	9,689,376	-
Total OPEB liability	4,614,869	877,549	-	5,492,418	-
Total	\$ 230,726,478	\$ 2,118,233	\$ 15,014,206	\$ 217,830,505	\$ 12,346,860

The total OPEB liability is paid from the fund in which the employees are paid.

The general obligation temporary notes mature in 2020 and 2021. The City does not intend to pay them off early.

Kansas statutes limit the amount of general obligation debt a city may issue to 30% of total assessed valuation. On December 31, 2019 the debt limitation for the City of Lawrence was \$327 million. The City's general obligation debt and temporary notes as of December 31, 2019 was \$129 million. This is approximately 39% of the maximum allowed under statutes. More information on the City's debt limit may be found in table 13 of the statistical section of this CAFR.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 5. Long-Term Debt (Continued)

**Capital leases:** In July 2016, the City entered into a five-year capital lease agreement for vehicles with a total principal amount of \$244,259. The lease carries an interest rate of 1.53%. Semiannual lease payments of \$25,312 are due each March and September. In November 2017, the City entered into a ten-year capital lease agreement for equipment and vehicles with a total principal amount of \$1,064,200. The lease carries an interest rate of 2.264%. Semiannual lease payments of \$62,954 are due each March and September.

The cost and the accumulated depreciation of property under capital lease obligations was \$1,097,304 and \$271,183 as of December 31, 2019, respectively.

**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, 2019.

Debt payable, other than claims and judgments and compensated absences, at December 31, 2019 is composed of the following:

Debt Issue	Date Issued	Date Matured	Interest Rate	Original Amount	Balance at End of Year	Due in One Year
General obligation bonds:						
Internal improvement	2008	2020	3.0-3.875	\$ 11,890,000	\$ 1,320,000	\$ 1,320,000
Internal improvement	2009	2021	2.0-3.5	3,250,000	620,000	305,000
Internal improvement	2010A	2034	4.25-5.7	2,975,000	2,405,000	125,000
Internal improvement	2010B	2022	1.25-3.0	8,920,000	2,435,000	790,000
Internal improvement *	2010C	2023	1.25-3.0	8,305,000	2,645,000	690,000
Internal improvement	2011	2023	2.0-3.0	3,895,000	1,415,000	335,000
Internal improvement	2012A	2024	2.0-3.0	7,710,000	2,535,000	485,000
Internal improvement	2013	2025	2.0-4.0	4,405,000	2,285,000	365,000
Internal improvement *	2014A	2024	2.0-5.0	25,065,000	20,380,000	1,040,000
Internal improvement	2014B	2024	3.0-4.0	18,440,000	14,970,000	770,000
Internal improvement	2015	2030	2.0-3.0	9,450,000	7,295,000	575,000
Internal improvement *	2016	2021	3.0-5.0	13,385,000	5,250,000	2,560,000
Internal improvement	2017A	2027	2.0-2.5	3,030,000	2,485,000	290,000
Green internal improvement	2017B	2039	1.0-3.375	11,375,000	10,110,000	230,000
Internal improvement	2017C	2027	.95-2.4	654,000	533,000	63,000
Internal improvement	2017D	2038	2.875-5.0	13,975,000	12,845,000	740,000
Internal improvement	2019A	2039	3.0-3.25	3,880,000	3,880,000	260,000
					93,408,000	10,943,000

\* The Series 2014A bonds is split with 97% (\$19,745,000) reported in governmental activities and 3% (\$635,000) reported in business-type activities. The Series 2010C and Series 2016 bonds are reported 100% in the business-type activities.

# City of Lawrence, Kansas

## Notes to the Basic Financial Statements

### Note 5. Long-Term Debt (Continued)

Debt Issue	Date Issued	Date Matured	Interest Rate	Original Amount	Balance at End of Year	Due in One Year
General obligation temporary notes:						
Internal improvement	2017	2020	1.75	6,000,000	6,000,000	6,000,000
Internal improvement	2019-I	2021	2.00	28,655,000	28,655,000	-
Internal improvement	2019-II	2021	4.00	8,970,000	8,970,000	-
					<u>43,625,000</u>	<u>6,000,000</u>
Revenue bonds:						
Water and sewerage improvement refunding	2015B	2025	3.0-5.0	8,960,000	5,360,000	835,000
Water and sewerage improvement	2015A	2040	2.0-5.0	85,375,000	80,570,000	2,545,000
Water and sewerage improvement	2016A	2036	2.625-5.0	58,810,000	53,535,000	2,840,000
Water and sewerage improvement	2017A	2037	1.32-5.0	17,195,000	15,810,000	685,000
Water and sewerage improvement	2018	2038	3.5-4.0	20,070,000	19,385,000	655,000
					<u>174,660,000</u>	<u>7,560,000</u>

In 2019, the City issued \$3,880,000 in general obligation bonds, series 2019, for paying a portion of the costs of certain street, public building and facilities, storm sewer systems and other public improvements within the City. The General Obligation Bonds, Series 2019A are due in annual installments of \$260,000 to \$480,000 through September 2039, with interest due in semiannual installments at an interest rate ranging between 3.00% and 3.25%.

In 2019, the City issued \$28,655,000 in general obligation temporary notes, series 2019-I, for paying a portion of the costs of certain street, public building and facilities, storm sewer systems and other public improvements within the City. The General Obligation Temporary Notes, Series 2019-I are due May 1, 2021, with interest due in semiannual installments at an interest rate of 2.00%.

In 2019, the City issued \$8,970,000 in general obligation temporary notes, series 2019-II, for paying a portion of the costs of certain street, public building and facilities, storm sewer systems and other public improvements within the City. The General Obligation Temporary Notes, Series 2019-II are due May 1, 2021, with interest due in semiannual installments at an interest rate of 4.00%.

The future annual requirements for general obligation bonds outstanding as of December 31, 2019, are as follows:

Year ending:	Governmental Activities		Business-Type Activities		Total Due
	Principal	Interest	Principal	Interest	
2020	\$ 7,378,000	\$ 2,983,654	\$ 3,565,000	\$ 358,937	\$ 14,285,591
2021	6,304,000	2,694,421	3,715,000	207,387	12,920,808
2022	6,535,000	2,470,075	725,000	37,500	9,767,575
2023	5,936,000	2,224,717	525,000	15,750	8,701,467
2024	5,767,000	2,009,825	-	-	7,776,825
2025-2029	24,398,000	7,280,987	-	-	31,678,987
2030-2034	21,565,000	3,351,103	-	-	24,916,103
2035-2039	6,995,000	662,794	-	-	7,657,794
	<u>\$ 84,878,000</u>	<u>\$ 23,677,576</u>	<u>\$ 8,530,000</u>	<u>\$ 619,574</u>	<u>\$ 117,705,150</u>

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 5. Long-Term Debt (Continued)

The future annual requirements for revenue bonds outstanding as of December 31, 2019, are as follows:

	Principal Due	Interest Due	Total Due
Year ending:			
2020	\$ 7,560,000	\$ 7,016,338	\$ 14,576,338
2021	7,915,000	6,655,038	14,570,038
2022	7,835,000	6,276,388	14,111,388
2023	8,215,000	5,902,238	14,117,238
2024	8,520,000	5,583,338	14,103,338
2025-2029	43,805,000	22,437,038	66,242,038
2030-2034	47,120,000	13,376,625	60,496,625
2035-2039	38,205,000	5,069,025	43,274,025
2040	5,485,000	219,400	5,704,400
	<u>\$ 174,660,000</u>	<u>\$ 72,535,428</u>	<u>\$ 247,195,428</u>

The Water and Sewage System Revenue Bonds require that one-sixth of the next interest payment due, one-twelfth of the next principal payment 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 120% 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 these requirements. For the year ending December 31, 2019, the City did not set aside funds on a monthly basis, but instead has established an internal bond reserve account of \$7,352,080, which is considered sufficient to meet this bond covenant requirement.

**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 enterprise are equal to the mortgage payment schedule related to the original debt. At December 31, 2019, total outstanding conduit debt was \$99,597,495.

**Pledged revenues:** The City has pledged future water and sewer operating revenues, net of specified operating expenses, to repay \$247,195,428 in water and sewer revenue and revenue refunding bonds. The bonds are payable solely from water and sewer net revenues and are payable through 2040. Annual principal and interest payments on the bonds have required an average of 63% of net revenues. The City's debt covenants require that 120% of the annual debt service payment be available in pledged revenues. Principal and interest paid for the current year and total net revenues for the current year were \$14,580,130 and \$18,231,901 respectively. This equates to a net revenue/debt ratio of 1.25 which meets the requirement. The City takes into consideration the 120% covenant requirement when establishing its utility rate model.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 5. Long-Term Debt (Continued)

**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.

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable:					
Series 2018	\$ 77,520,000	\$ -	\$ -	\$ 77,520,000	\$ -
Unamortized premiums	7,842,844	-	415,775	7,427,069	-
Note from direct borrowing	9,782,445	-	246,595	9,535,850	256,642
Capital lease obligations	909,120	-	140,747	768,373	191,451
Total long-term debt	<u>\$ 96,054,409</u>	<u>\$ -</u>	<u>\$ 803,117</u>	<u>\$ 95,251,292</u>	<u>\$ 448,093</u>

In 2019, the Hospital's debt coverage service ratio was less than 1.10 to 1.00. The indenture agreements state that, should the Hospital's debt service coverage ratio fall below the requirement, the Hospital must retain a consultant and take into consideration recommendations made by such consultant. During 2019, prior to the debt service coverage ratio requirement not being met, the Hospital retained outside professional services, wherein operational efficiencies and areas to improve revenues were to be identified. As a result of these professional services, management intervention has begun. Management will provide the consultant report to the Bond Trustee.

In the event that the debt service coverage ratio is less than 1.00 to 1.00, the Hospital must have a minimum of 100 days cash on hand. At the end of fiscal year 2019, the Hospital's days cash on hand was approximately 114 days.

The City has issued Series 2018 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.

Debt Issue	Date Matured	Interest Rate	Original Amount	Balance at End of Year	Due in One Year
Series 2018	2048	3.50%–5.00%	\$ 77,520,000	\$ 77,520,000	\$ -

**Note from direct borrowing:** The Hospital's outstanding note from direct borrowing of \$9,535,850 is secured by, among other things, the Assignment, Mortgage and other Loan Documents (Security Instruments). This outstanding note contains (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if any payment of principal and interest or any other required payment is not received by the lender on or before five days after the date that such payment is due; and, (2) a provision that if the Hospital is unable to make payment, outstanding amounts are due immediately. The note also contains a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

**City of Lawrence, Kansas**

**Notes to the Basic Financial Statements**

**Note 5. Long-Term Debt (Continued)**

Debt service requirements on long-term debt other than capital lease obligations for the Hospital as of December 31, 2019, are as follows:

Year ending December 31,	Total to be Paid	Bonds		Direct Borrowings	
		Principal	Interest	Principal	Interest
2020	\$ 3,724,813	\$ -	\$ 3,724,813	\$ 256,642	\$ 376,763
2021	5,019,813	1,295,000	3,724,813	267,097	366,307
2022	5,020,063	1,360,000	3,660,063	277,979	355,425
2023	5,022,063	1,430,000	3,592,063	289,305	344,100
2024	5,020,563	1,500,000	3,520,563	301,091	332,313
2025-2029	25,104,815	8,705,000	16,399,815	1,699,767	1,467,255
2030-2034	25,105,065	11,110,000	13,995,065	2,075,409	1,091,612
2035-2039	25,106,552	13,695,000	11,411,552	2,534,067	632,954
2040-2044	26,322,500	18,375,000	7,947,500	1,834,493	118,504
2045-2048	22,617,500	20,050,000	2,567,500	-	-
	<u>\$ 148,063,747</u>	<u>\$ 77,520,000</u>	<u>\$ 70,543,747</u>	<u>\$ 9,535,850</u>	<u>\$ 5,085,233</u>

**Capital lease obligations:** The Hospital is obligated under leases for equipment that are accounted for as capital leases. The capital leases are secured by the related assets as collateral. Assets under capital leases at December 31, 2019 total \$716,854, net of accumulated depreciation of \$241,484. The following is a schedule by year of future minimum lease payments under the capital lease including interest at rates of 4% to 6.81% together with the present value of the future minimum lease payments as of December 31, 2019:

	Capital Lease Obligations
2020	\$ 220,403
2021	242,376
2022	233,772
2023	131,643
	<u>828,194</u>
Less amount representing interest	(59,821)
Less current maturities	(191,451)
Noncurrent portion	<u>\$ 576,922</u>

# City of Lawrence, Kansas

## Notes to the Basic Financial Statements

### Note 6. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 16,434,737	\$ -	\$ -	\$ 16,434,737
Construction in progress	17,862,986	22,866,599	14,335,393	26,394,192
Total capital assets, not being depreciated	34,297,723	22,866,599	14,335,393	42,828,929
Capital assets being depreciated:				
Buildings	111,623,410	59,479	67,794	111,615,095
Improvements other than buildings	52,694,081	2,761,281	-	55,455,362
Machinery and equipment	47,422,447	2,168,618	2,121,037	47,470,028
Infrastructure	250,384,704	9,364,300	-	259,749,004
Total capital assets, being depreciated	462,124,642	14,353,678	2,188,831	474,289,489
Less accumulated depreciation for:				
Buildings	49,118,429	3,808,105	67,795	52,858,739
Improvements other than buildings	22,188,320	1,930,246	-	24,118,566
Machinery and equipment	33,467,146	3,184,519	1,898,455	34,753,210
Infrastructure	88,580,622	4,833,624	-	93,414,246
Total accumulated depreciation	193,354,517	13,756,494	1,966,250	205,144,761
Total capital assets being depreciated, net	268,770,125	597,184	222,581	269,144,728
Governmental activities capital assets, net	\$ 303,067,848	\$ 23,463,783	\$ 14,557,974	\$ 311,973,657
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,983,631	\$ -	\$ -	\$ 6,983,631
Construction in progress	11,507,402	4,991,524	10,358,436	6,140,490
Total capital assets, not being depreciated	18,491,033	4,991,524	10,358,436	13,124,121
Capital assets being depreciated:				
Buildings	89,138,753	60,570	-	89,199,323
Improvements other than buildings	319,203,811	-	-	319,203,811
Machinery and equipment	24,401,176	10,821,027	1,115,189	34,107,014
Total capital assets, being depreciated	432,743,740	10,881,597	1,115,189	442,510,148
Less accumulated depreciation for:				
Buildings	31,864,882	1,928,512	-	33,793,394
Improvements other than buildings	97,159,058	7,452,700	-	104,611,758
Machinery and equipment	17,534,216	2,259,840	1,052,867	18,741,189
Total accumulated depreciation	146,558,156	11,641,052	1,052,867	157,146,341
Total capital assets being depreciated, net	286,185,584	(759,455)	62,322	285,363,807
Business-type activities capital assets, net	\$ 304,676,617	\$ 4,232,069	\$ 10,420,758	\$ 298,487,928

**City of Lawrence, Kansas**

**Notes to the Basic Financial Statements**

**Note 6. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Discretely presented component units:				
Capital assets, not being depreciated:				
Land	\$ 13,641,043	\$ 115,989	\$ -	\$ 13,757,032
Construction in progress	25,322,613	57,139,732	8,619,581	73,842,764
Total capital assets, not being depreciated	38,963,656	57,255,721	8,619,581	87,599,796
Capital assets being depreciated:				
Buildings	174,486,530	9,210,508	421,236	183,275,802
Improvements other than buildings	3,467,033	137,588	190,554	3,414,067
Collection	3,614,636	678,191	1,114,730	3,178,097
Machinery and equipment	94,719,628	5,753,567	3,491,658	96,981,537
Total capital assets, being depreciated	276,287,827	15,779,854	5,218,178	286,849,503
Less accumulated depreciation for:				
Buildings	67,447,494	4,259,752	409,368	71,297,878
Improvements other than buildings	2,501,331	163,087	190,554	2,473,864
Collection	1,285,922	419,993	751,257	954,658
Machinery and equipment	71,566,921	5,676,227	3,463,237	73,779,911
Total accumulated depreciation	142,801,668	10,519,059	4,814,416	148,506,311
Total capital assets being depreciated, net	133,486,159	5,260,795	403,762	138,343,192
Component unit capital assets, net	\$ 172,449,815	\$ 62,516,516	\$ 9,023,343	\$ 225,942,988

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

Governmental activities:	
General government	\$ 1,652,976
Public safety	1,822,152
Public works	7,949,426
Social services	220,329
Culture and recreation	2,069,684
Tourism	724
	<u>13,715,291</u>

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

Total depreciation expense, governmental activities	<u>41,203</u>
	<u>\$ 13,756,494</u>



## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 6. Capital Assets (Continued)

Business-type activities:	
Water and sewer	\$ 9,595,747
Sanitation	1,001,670
Parking	166,252
Stormwater	843,223
Golf course	34,160
Total depreciation expense, business-type activities	<u>\$ 11,641,052</u>
Component units:	
Lawrence-Douglas County Housing Authority	\$ 740,175
Lawrence Memorial Hospital	9,233,632
Lawrence Public Library	545,252
Total depreciation expense, component units	<u>\$ 10,519,059</u>

#### Note 7. Defined Benefit Pension Plan

**Description of pension plan:** The City participates in a cost-sharing multiple-employer pension plan (Pension Plan), administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

Public employees, which includes:

- State/School employees
- Local employees
- Police and Firefighters
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Local employees group and the Kansas Police and Firefighters group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 7. Defined Benefit Pension Plan (Continued)

**Benefits:** Benefits are established by statute and may only be changed by the State Legislature.

Members (except Police and Firefighters) with ten or more years of credited service, may retire as early as age 55 (Police and Firefighters may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Police and Firefighters normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

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

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

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

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

**Contributions:** Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.20% of total payroll for the fiscal year ended June 30, 2019.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	Actuarial Employer Rate	Statutory Employer Capped Rate
Local government employees	8.89%	8.89%
Police and firefighters	22.13%	22.13%

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 7. Defined Benefit Pension Plan (Continued)

Member contribution rates as a percentage of eligible compensation for the fiscal year 2019 are 6.00% for Local employees and 7.15% for Police and Firefighters.

**Employer allocations:** Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firefighters
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2019, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2019.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the City's proportion for the Local employees group was 1.563%, which was a decrease of 0.050% from its proportion measured at June 30, 2018. At June 30, 2019, the City's proportion for the Police and Firefighters group was 4.629%, which was a decrease of 0.260% from its proportion measured at June 30, 2018.

**Net pension liability:** At December 31, 2019, the City reported a liability of \$21,845,415 and \$46,853,480 for its total proportionate share of the net pension liability for the Local and Police and Firefighters groups, respectively, for a total net pension liability of \$68,698,895 as of December 31, 2019.

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019 as the measurement date, using the following actuarial assumptions:

Assumptions	Rate
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50% to 12.00% including inflation
Long-term rate of return, net of investment expense and including price inflation	7.75%

Mortality rates were based on the RP-2014 Combined Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 7. Defined Benefit Pension Plan (Continued)

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of an actuarial experience study conducted for the period of January 1, 2013, through December 31, 2015.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset	Long-Term Allocation	Long-Term Expected Rate of Return
Global equity	47.00%	6.85%
Fixed income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	2.00	(0.25)
	<u>100.00%</u>	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firefighters, and Judges. Future employer contribution rates were also modeled for Police & Firefighters and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# City of Lawrence, Kansas

## Notes to the Basic Financial Statements

### Note 7. Defined Benefit Pension Plan (Continued)

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:** The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Local	\$ 32,626,584	\$ 21,845,415	\$ 12,827,163
Police and firefighters	66,488,488	46,853,480	30,415,214
Total	<u>\$ 99,115,072</u>	<u>\$ 68,698,895</u>	<u>\$ 43,242,377</u>

**Pension expense:** For the year ended December 31, 2019, the City recognized total pension expense of \$10,301,132, which is comprised of local pension expense of \$2,565,315 and Police and Firefighters pension expense of \$7,735,817. Total pension expense includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

**Deferred outflows of resources and deferred inflows of resources:** At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firefighters groups from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Local:		
Differences between actual and expected experience	\$ 47,818	\$ 550,159
Net differences between projected and actual earnings on investments	513,955	-
Changes in assumptions	667,675	44,277
Changes in proportion	366,006	1,466,877
Total	<u>1,595,454</u>	<u>2,061,313</u>
Police and Firefighters:		
Differences between actual and expected experience	2,646,926	86,837
Net differences between projected and actual earnings on investments	943,041	-
Changes in assumptions	1,659,741	51,876
Changes in proportion	663,932	3,180,348
Total	<u>5,913,640</u>	<u>3,319,061</u>
City contributions subsequent to measurement date for both groups	4,087,959	-
Total	<u>\$ 11,597,053</u>	<u>\$ 5,380,374</u>

# City of Lawrence, Kansas

## Notes to the Basic Financial Statements

### Note 7. Defined Benefit Pension Plan (Continued)

\$4,087,959 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Local Deferred (Inflows) Outflows Amount	Year ended December 31,	Police and Firefighters Deferred (Inflows) Outflows Amount
2020	\$ 359,489	2020	\$ 1,861,801
2021	(505,525)	2021	307,205
2022	(245,497)	2022	354,625
2023	(56,738)	2023	93,626
2024	(17,588)	2024	(22,678)
	<u>\$ (465,859)</u>		<u>\$ 2,594,579</u>

Deferred outflows and inflows of resources related to the difference between expected and actual plan experience, changes in proportionate share and changes in assumptions are being amortized over a closed period equal to the average of the expected service lives of all employees at the beginning of each measurement period. Deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments is being amortized over a closed five-year period.

### Note 8. Interfund Transactions

**Interfund receivables and payables:** At December 31, 2019, the following funds had interfund receivables and payables to the following funds:

	Due From Other Funds			Total
	General Fund	Other Governmental Funds	Water and Sewer Fund	
Due to other funds:				
Other governmental funds	\$ 283,372	\$ -	\$ -	\$ 283,372
Internal service funds	201,364	504	25,000	226,868
	<u>\$ 484,736</u>	<u>\$ 504</u>	<u>\$ 25,000</u>	<u>\$ 510,240</u>

The City uses interfund receivables and payables as needed when pooled cash is negative within a fund until investments mature or grant proceeds are received. Management expects all payables to be cleared in less than one year.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 8. Interfund Transactions (Continued)

**Interfund transfers:** A summary of transfers for the year ended December 31, 2019 follows:

Fund	Transfers Out	Transfers In
General	\$ 4,390,553	\$ 3,667,475
Debt service	-	883,000
Other governmental	1,909,782	5,537,335
Water and sewer	3,085,000	-
Sanitation	317,000	-
Internal service funds	18,475	60,000
Nonmajor proprietary	427,000	-
	<u>\$ 10,147,810</u>	<u>\$ 10,147,810</u>

The City uses interfund transfers to share administrative costs between the enterprise and general funds. The water and sewer fund and the sanitation fund transferred \$3,085,000 and \$17,000, respectively, to the general fund in lieu of franchise fees for various utilities. The nonmajor governmental guest tax fund transferred \$1,120,000 tax revenue to the nonmajor governmental eXplore Lawrence fund. The general fund transferred approximately \$3.6 million to nonmajor governmental funds in support of recreational activities, \$398,000 to the Debt Service Fund and \$350,000 to the Housing Trust Fund. Beyond that, the City's policy is to transfer all fund balance in the general fund in excess of 25% to the capital improvement reserve and the equipment reserve annually.

#### Note 9. Commitments and Contingencies

**Contract commitments:** At December 31, 2019, the City had construction contract commitments totaling approximately \$20,727,009. The City expects to receive the contracted services during fiscal year 2020.

Description	Authorized	Expended	Remaining Authority
Installation of City fiber conduit	\$ 127,030	\$ -	\$ 127,030
Lawrence Avenue Waterline Replacement	1,149,400	365,314	784,086
Kansas River Bar Screen Replacements	1,320,547	111,845	1,208,702
Naismith Channel repair project	1,045,825	45,591	1,000,234
Police Facility - Phase 1	17,096,037	2,689,917	14,406,120
Construction services - Kansas Heavy Construction	550,290	492,660	57,630
Training Tower	23,364	-	23,364
BA Green Construction	460,185	201,558	258,627
Oak Hill Cemetery mausoleum repair	95,582	-	95,582
9th Street New Hampshire to Pennsylvania St	1,224,561	1,106,283	118,278
19th Street reconstruction - Phase B	1,256,503	657,718	598,785
Pedestrian tunnel and shared-use path - Iowa Street	2,793,167	2,427,234	365,933
2019 CDBG Pedestrian Improvement Project and Traffic Calming project	49,543	44,186	5,357
Riverbank stabilization	635,596	108,878	526,718
Sidewalk gaps and ADA ramps	403,365	390,346	13,019
Traffic calming and sidewalk gap program	397,055	-	397,055
Station 1/Senior Center remodel	3,503,315	3,239,317	263,998
Louisiana Street waterline project	514,275	488,561	25,714
Waterline replacement	758,254	307,477	450,777
	<u>\$ 33,403,894</u>	<u>\$ 12,676,885</u>	<u>\$ 20,727,009</u>

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 9. Commitments and Contingencies (Continued)

**Encumbrance:** The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as assigned or restricted fund balance. As of December 31, 2019, the City had a total of \$9,483,535 in encumbrances, which are reported as part of the government fund balance sheet as follows:

	Assigned	Restricted	Total
General Fund	\$ 2,081,608	\$ -	\$ 2,081,608
Capital Projects Fund	-	1,274,633	1,274,633
Nonmajor governmental funds	-	6,127,294	6,127,294
	<u>\$ 2,081,608</u>	<u>\$ 7,401,927</u>	<u>\$ 9,483,535</u>

**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 \$2,045,095 at December 31, 2019 in the general liability and worker's comp liability funds. The primary government's claims liability reported in the Statement of Net Position at December 31, 2019 was \$849,879, for general and worker's comp liabilities. The liability reported in the financial statements at December 31, 2019 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 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 be liquidated with expendable available resources. This program is accounted for in an internal service fund.

	2019	2018
Unpaid claims, January 1	\$ 1,319,244	\$ 993,328
Incurred claims (including IBNRs)	8,885,714	8,179,634
Claim payments	8,864,502	7,853,718
Unpaid claims, December 31	<u>\$ 1,340,456</u>	<u>\$ 1,319,244</u>



## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 10. Cost Sharing Arrangements

In 1994, the City and the County agreed to combine their emergency communications services with the costs of the combined operations to be shared as follows: City 66% and County 34%. This agreement was modified in 1997 following the combination of the County emergency medical services and the City fire department in 1996 discussed below. This agreement was last modified in 2002.

In 1996, the County emergency medical services and the City fire department were combined with the City paying 73.36% and the County paying 25.64% of the operating costs of the combined operations. The County pays all the cost of buildings and equipment of the ambulance services and the City pays all the cost of buildings and equipment of the fire department. As of the effective date of the 1996 agreement all buildings, equipment, and furniture were transferred to the ownership of the City. This agreement was later modified in 1997, 1998 and 2005. The City received \$6.9 million from the County for this agreement for the year ending December 31, 2019.

The City and County participate in other cost sharing agreements as well, these have not been described as management does not consider them significant to the financial statements.

#### Note 11. Net Position

The amounts reported on the statement of net position identified as net investment in capital assets are as follows:

	Governmental Activities	Business-type Activities	Total
Total net capital assets	\$ 311,973,657	\$ 298,487,928	\$ 610,461,585
Less:			
Current portion of temporary notes payable	(6,000,000)	-	(6,000,000)
Current portion of general obligation bonds	(7,378,000)	(3,565,000)	(10,943,000)
Current portion of revenue bonds	-	(7,560,000)	(7,560,000)
Current portion of capital lease payable	(155,420)	-	(155,420)
Noncurrent portion of temporary notes payable	(38,049,421)	-	(38,049,421)
Noncurrent portion of general obligation bonds	(79,847,560)	(5,449,419)	(85,296,979)
Noncurrent portion of revenue bonds	-	(183,774,777)	(183,774,777)
Noncurrent portion of capital lease payable	(835,956)	-	(835,956)
Plus:			
Unspent general obligation bonds, revenue bonds and temporary note proceeds	31,305,187	20,971,694	52,276,881
Net investment in capital assets	<u>\$ 211,012,487</u>	<u>\$ 119,110,426</u>	<u>\$ 330,122,913</u>

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 12. Postemployment Health Care Plans

In addition to providing pension benefits the City provides postemployment health care benefits through two plans described below.

Below is a summary of amounts reported by the City:

	City Plan	KPERS Plan	Total
Total OPEB liability	\$ 16,757,846	\$ 1,993,559	\$ 18,751,405
Deferred outflows of resources	3,171,381	206,909	3,378,290
Deferred inflows of resources	120,596	87,441	208,037
OPEB expense	1,469,445	188,845	1,658,290

#### Lawrence Other Postemployment Benefit Plan

**Plan description:** The City operates a single employer defined benefit healthcare plan administered by the City. The Employee Benefit Plan (the Plan) provides medical benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group healthcare plan to make participation available to all retirees and dependents until the retirees reaches the age of 65 years. The Health Insurance Fund has been used to liquidate net other postemployment benefit obligations in prior years through charges to other funds. No separate financial report is issued for the Plan. OPEB expenses are paid from the Health Insurance internal services fund.

**Benefits provided:** The City offers for a continuation of medical, prescription drug, vision and dental insurance benefits to retired employees that have not reached the age of 65.

The City requires the retiree to pay 80% of group plan premium when single or family coverage is elected. Otherwise the retiree is required to 100% of the premium. Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates at the time the retiree became eligible for Medicare or if premium payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

**Contributions:** The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. Retirees who elect to continue coverage in the medical and dental plans offered through Aetna are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the premium each year, the City's share of any premium costs is determined on the basis of a blended rate or implicit rate subsidy calculation. The benefits and benefit levels are government by City policy. Other postemployment liabilities attributable to governmental activities are generally liquidated by the General fund. The City made contributions of \$718,830 during the current year.

The amount of the monthly premium equivalent is determined actuarially on an annual basis. The city may contribute toward the premium equivalent for retired former employees and their dependents. However, the majority of the premium equivalent shall be paid by the retiree and based on a recommendation by the HealthCare Committee and approved by the City Commission.

Currently the City contributes 20% of the premium for individual and family covered. The retiree + Spouse and retiree + child coverage levels are not subsidized.

The City did not contribute directly to the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

# City of Lawrence, Kansas

## Notes to the Basic Financial Statements

### Note 12. Postemployment Health Care Plans (Continued)

**Employees covered by benefit terms:** At December 31, 2019, the following employees were covered by the benefit terms:

Active employees:	
KPERS 1	255
KPERS 2	120
KPERS 3	109
Police and fire	290
Total active employees	774
Inactives:	
Retirees/disabled—subscribers	62
Spouses of retirees/disabled	16
Total inactive covered members	78
Total	852

**Total OPEB liability:** The City's total OPEB liability of \$16,757,846 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2018. Standard update procedures were used to rollforward the total OPEB liability to December 31, 2019.

**Actuarial methods and assumptions:** The total OPEB liability in the January 1, 2018 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	2.50% general and fire; 1.50% police
Inflation rate	2.75%
Discount rate	3.00% measurement date 3.68% year preceding measurement date
Health care cost trend rates	6.50% for 2019 decreasing to an ultimate rate 4.5% in 2026
Dental cost trend rate	3.50%
Healthy mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality with Scale MP-2019 Full Generational Improvement
Disabled mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality with MP-2019 Full Generational Improvement

The discount rate was based on the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

**Note 12. Postemployment Health Care Plans (Continued)**

Changes in the total OPEB liability:

	Total OPEB Liability
Balance as of December 31, 2018	\$ 12,822,450
Changes for the year:	
Service cost	681,971
Interest	483,736
Differences between expected and actual experience	993,023
Changes in assumptions	2,495,496
Benefit payments	(718,830)
Net changes	3,935,396
Balance as of December 31, 2019	\$ 16,757,846

**Changes in assumptions:** The discount rate was changed from 3.68% at the beginning of the year to 3.00% at the end of the year. The mortality was changed from RPH-2014 Adjusted to 2006 Total Dataset Headcount-Weighted Mortality with MP-2018 Full Generational Improvement at the beginning of the year to Pub-2010 Public Retirement Plan Headcount-Weighted Mortality with MP-2019 Full Generational Improvement at the end of the year. The retiree contribution premiums, admin fees and stop-loss premiums were updated. This resulted in an increase of costs by \$2,495,496.

**Sensitivity of the total OPEB liability to changes in the discount rate:** The following presents the total OPEB liability of the City, as well as what the City's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate		
	1% Decrease 2.00%	3.00%	1% Increase 4.00%
Total OPEB liability	\$ 18,360,181	\$ 16,757,846	\$ 15,306,505

**Sensitivity of the total OPEB liability to changes in the health care cost trend rates:** The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 3.5%) or 1-percentage-point higher (7.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	Health Care Cost Trend Rates		
	(5.5% Decreasing to 3.5%)	(6.5% Decreasing to 4.5%)	(7.5% Decreasing to 5.5%)
Total OPEB liability	\$ 14,681,944	\$ 16,757,846	\$ 19,236,923

City of Lawrence, Kansas

Notes to the Basic Financial Statements

**Note 12. Postemployment Health Care Plans (Continued)**

***OPEB expense, deferred outflows of resources and deferred inflows of resources related to***

***OPEB:*** For the year ended December 31, 2019, the City recognized OPEB expense of \$1,469,445. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 902,748	\$ -
Changes of assumptions or other inputs	2,268,633	120,596
	<u>\$ 3,171,381</u>	<u>\$ 120,596</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

Years ending December 31:	
2020	\$ 303,738
2021	303,738
2022	303,738
2023	303,738
2024	303,738
Thereafter	1,532,095
	<u>\$ 3,050,785</u>

**KPERS Other Postemployment Benefit Plan**

***Plan description:*** The City participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis. For GASB Statement No. 75 purposes, the City is considered to be participating in a single employer long-term disability plan.

***Benefits:*** Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60% (prior to January 1, 2006, 66 2/3%) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 12. Postemployment Health Care Plans (Continued)

The monthly long-term disability benefit is 60% of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65<sup>th</sup> birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

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

**Covered employees:** The City has the following employees covered by the Plan as of June 30, 2019:

Active members	479
Disabled members	13
	<u>492</u>

**Total OPEB liability:** The City's total OPEB liability of \$1,993,559 was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019 as the measurement date, using the following actuarial assumptions:

Salary increases	3.50%
Inflation rate	2.75%
Discount rate	3.50% measurement date
	3.87% year preceding measurement date

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2019.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 – December 31, 2015. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2018 KPERS pension valuation.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

Changes in total OPEB liability

	Total OPEB Liability
Balance as of December 31, 2018	\$ 1,768,110
Changes for the year:	
Service cost	108,334
Interest	69,119
Effect of economic/demographic gains	193,076
Changes in assumptions	37,534
Benefit payments	(182,614)
Net changes	225,449
Balance as of December 31, 2019	\$ 1,993,559

**Changes in assumptions:** The discount rate was changed from 3.87% at the beginning of the year to 3.50% at the end of the year.

**Sensitivity of the total OPEB liability to changes in the discount rate:** The following presents the City's total OPEB liability calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB liability	\$ 2,098,482	\$ 1,993,559	\$ 1,893,383

**Sensitivity of the total OPEB liability to changes in the health care cost trend rates:** The health care cost trend rates do not affect liabilities related to the long-term disability benefits sponsored by KPERS.

**OPEB expense:** For the year ended December 31, 2019, The City recognized OPEB expense of \$188,845, which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

**Deferred outflows of resources and deferred inflows of resources:** At December 31, 2019, The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	\$ 173,233	\$ 18,695
Changes of assumptions or other inputs	33,676	68,746
	\$ 206,909	\$ 87,441

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 12. Postemployment Health Care Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

Years ending June 30:

2020	\$	11,392
2021		11,392
2022		11,392
2023		11,392
2024		11,392
Thereafter		62,508
	\$	<u>119,468</u>

#### Note 13. Pollution Remediation

On September 29, 2010, the City of Lawrence obtained the former Farmland site out of bankruptcy. The site includes 463.5 acres located in Northeast Lawrence adjacent to Kansas Highway 10. Of this acreage, 263 acres will require minimal action. Farmland used the location to produce nitrogen fertilizer from 1954 to 2001 and the groundwater, soil, sediments and surface and storm waters contain nitrate and ammonia levels that exceed current drinking water regulations. The City entered into a consent order with the Kansas Department of Health and Environment (KDHE) to remediate the pollution and received \$8.5 million from the Farmland Trust Account to pay the estimated cost of between \$11.2 million and \$11.8 million over 30 years. Originally the KDHE estimate for the remediation over a 30-year period was \$11.2 million with an additional \$2.1 million contingency. The EPA produced an estimate of \$11.8 million.

In September of 2017, the City of Lawrence and the Kansas Department of Health and Environment (KDHE) entered into conversations regarding the excess storage of nitrogen rich water collected on the Farmland site. After review by KDHE, they suggested a one-time, temporary, conditional discharge of this remediation water to the Kansas River. KDHE indicated that this in no way establishes a precedent for disposal of future water from the site, but allowed the City to regain storage capacity and begin the process of developing a more comprehensive and sustainable remediation strategy for the excess nitrogen. On April 16, 2018, the City entered into a contract with GHD to reassess the site and consider alternative remediation strategies.

Since approval of the original contract on April 3, 2018, the City has been pursuing changes to the long-term environmental remediation project at the former Farmland Nitrogen Fertilizer Plant. Phase one of this effort includes professional services related to site study, analysis of alternative remediation strategies and regulatory approvals for alternative strategies prepared by the selected firm, GHD Inc.

The project scope, as proposed by GHD in 2018, includes data review, existing remediation systems evaluation, remediation alternative evaluation and recommendation, and community engagement.

The City and GHD have worked continuously to produce a remediation alternative that may be presented to the Kansas Department of Health and Environment (KDHE). The first step in the approved contract with GHD included site data review and development of an updated conceptual site model. During their development of the static 3D model and detailed review of current systems and monitoring data, GHD and the City have identified data gaps and changes to the site conditions, which prevent the completion of the original scope of work as requested. To address these data gaps, the City and GHD prepared a data gap study work plan that was presented to KDHE on November 21, 2018. On January 23, 2019 the City received correspondence indicating that the data gap study work plan had been approved by KDHE. Work on the data gap study was completed in 2019.



## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### **Note 13. Pollution Remediation (Continued)**

Upon completion of the data gap study work, GHD completed the static model and submitted a final cost benefit analysis report to City Staff. The report is currently under review by the City and KDHE. The final revision of the report that addresses KDHE comments will be submitted in June 2020. Final agency approval of the report will follow that submission. In addition to this report, a revised Design/Remedial Action Plan will be developed that will also be subject to KDHE review. Initial installation of additional infrastructure for the remedial alternatives will begin in 2020. Future phases of the project include pilot studies for recommended remedial alternatives and eventual design and construction of capital infrastructure that is capable of collecting and treating all impacted water. Until the pilot and feasibility studies have been completed, an estimate of the environmental remediation liability is not estimable and therefore no liability has been recorded as of December 31, 2019.

#### **Note 14. Economic Development**

**Property tax abatements:** In 2019, the City of Lawrence participated in real property tax abatements for four local companies. Property tax abatements are authorized under Kansas state statutes K.S.A. 12-1740 et seq. and K.S.A. 79-201a and subject to City policy.

The City provides property tax abatements to encourage existing industry to expand, assist new business start-ups, recruit new companies from out-of-state or internationally, encourage high technology and research based businesses, encourage training and development of Lawrence area employees, and encourage location and retention of businesses which are good "corporate citizens" that will add to the quality of life in the community through leadership and support of civic and philanthropic organizations. Property tax abatements reduce ad valorem property taxes. The percentage of reduction ranges from 50% to 100%, but in all cases, the maximum duration is for ten years as per state statute. To receive an abatement, applicants must submit an application, which undergoes due diligence and analysis before being considered by the City Commission. If the abatement is authorized, the applicant must sign a performance agreement that specifies annual compliance measures. Each year, the applicant must submit a renewal application, along with compliance information, which is reviewed by City staff for conformance with agreement provisions. If compliance is not met, details are reviewed by advisory boards and the City Commission to determine the amount of incentives, if any, to be received by the property owner. Compliance details are reported annually in the City's economic development report.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 14. Economic Development (Continued)

Company	Commitments	Type & percent Abatement in 2019	Amount Abated in 2019
Amarr Garage Doors	Job creation/retention	Personal Property Taxes, 55%	\$24,728
3840 Greenway Circle LLC/Screen-It Graphics (Grandstand)	Business relocation and expansion, job creation and retention	Real Property Taxes, 65%	\$118,202
Sunlite Science & Technology, Inc.	Business relocation and expansion, job creation and retention	Real Property Taxes, 50%	\$19,999
RCP, LLC, known as "Rock Chalk Park"	A property tax abatement was authorized to assist the University of Kansas (KU) in pursuing this project. KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, due to the structure of the project with KU Athletics entering into a long term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible.	Real Property Taxes, 100%	\$446,223
VanTrust Building 1 <sup>1</sup>	Industrial spec building in Lawrence VenturePark	Real Property Taxes 70% (PILOT)	\$123,778
Plastikon Expansion Phase I & II	Business expansion, job creation and retention	Real Property Taxes, 70%	\$70,663

Note 1 – Under agreement with the City, Van Trust Phase I is subject to pre-determined Payment in Lieu of Tax (PILOT) payments.

No other governments have entered into tax abatement agreements that reduce the City's tax revenues.

**Neighborhood Revitalization Areas (NRA):** During 2019, the City of Lawrence had eight established neighborhood revitalization areas. Six properties were eligible for an NRA rebate for the property taxes levied in 2019. The remaining NRA projects were either under construction or had not commenced construction by the end of the year and were not eligible for a rebate.

NRAs are provided to assist with spurring investment and revitalization of properties which can benefit a neighborhood and the general public. The program works by rebating a portion of the incremental increase in property taxes resulting from improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. Participation in the program and percentage of rebate and duration are determined separately by the City, County, and School District. In the majority of cases, the program is active for 10-15 years and provides rebates from 85% to 95%. To receive an NRA, applicants must submit an application, which undergoes due diligence and analysis before being considered by the City Commission, County Commission, and School Board. If the NRA is authorized, the district is subject to an NRA Plan. Each year, the applicant must submit a rebate application, along with proof that property taxes have been paid in full. Because the rebate is not given until after improvements are put in place and property taxes paid, there are no provisions for recapturing taxes. Details for NRA districts are reported annually in the City's economic development report.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 14. Economic Development (Continued)

The City of Lawrence negotiates NRAs on an individual basis. The City had the NRAs listed below in 2019:

Neighborhood Revitalization Area	Purpose	Duration- percent of Increment Subject to NRA	Rebate Amount in 2019
<b>8th and Pennsylvania District:</b> (720 E 9th Street)	Revitalization of historic warehouse district	95% - Note 1	\$16,286
<b>1040 Vermont</b> (Treanor Architect's Headquarters)	Redevelopment of vacant building into architectural headquarters/office space	10Y-95% in 2018 – Note 2	\$24,613
<b>810/812 Pennsylvania</b> (Cider Building)	Redevelopment of vacant, historic building into art gallery and commercial office space	10Y-95%	\$26,264
<b>1106 Rhode Island</b> (Hernly Architect's)	Rehab and development of vacant, historical structures into office and residential space	10Y-85%	\$11,860
<b>1101/1115 Indiana</b> (Mixed-Use, Student Housing)	Redevelopment of underutilized property for mixed-use commercial and residential space	10Y-85%	\$504,936
<b>900 Delaware</b> (9 Del Lofts)	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	\$32,984
<b>826 Pennsylvania Street</b> (Mixed-use, Commercial/Residential)	Rehab and redevelopment of dilapidated structure into mixed-use commercial & residential	10Y, 85% County, 50% City	\$69,634
<b>Vermont Place</b> (Mixed-use, Commercial/Residential)	Rehab and development of vacant lot into mixed-use commercial & residential	10Y-75%	Project had not commenced construction in 2019. NRA rebate to start with the first full tax year after project completion.

Note 1—The 8<sup>th</sup> & Pennsylvania NRA district allows up to twenty years of NRA rebates (subject to capped amount correlating with costs). As per agreement with the City, rebates are due until the maximum amount of \$324,673 has been rebated or December 31, 2032, whichever comes first.

Note 2—Years 1–4: 95%; Years 5–6: 85%; Year 7: 70%; Year 8: 50%; Year 9: 30%; Year 10: 20%

**Tax Increment Financing (TIF):** TIFs are an economic development tool established by the Kansas TIF Act (K.S.A. 12-1770 et seq.) and subject to City policy to aid in financing projects for substantial public benefit. Public benefits can include creating jobs or retaining existing employment, eliminating blight, strengthening the employment and economic base of the City, increasing property values and tax revenues, reducing poverty, creating economic stability, upgrading older neighborhoods, facilitating economic self-sufficiency, promoting projects that are of community wide importance, or implementing the Comprehensive Plan and economic development goals of the City. The program works by reimbursing a portion of the incremental increase in property taxes resulting from improvements and a portion of local sales tax generated within the district to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

#### Note 14. Economic Development (Continued)

To receive a TIF, applicants must submit a detailed, written proposal to the City Manager, which will undergo due diligence and analysis before being considered by the City Commission. The City Commission then determines if it will commence the statutory process to create a redevelopment district.

If the TIF district is authorized, the City and applicant will enter into an agreement that specifies performance, certification and reimbursement requirements. City Staff will work with the property owner to certify eligible expenses and compliance with agreement provisions. Once the project begins to generate TIF revenues (sales tax and/or property tax), City Staff works with the distributing agency and property owner to generate and track reimbursements. Because reimbursements are not paid until after improvements are put in place, agreement compliance is met, eligible expenses are certified and sales and/or property tax distributions are made to the City, there are no provisions for recapturing taxes. Details for TIF districts are reported annually in the City's economic development report.

The City of Lawrence negotiates TIFs on an individual basis. The City had the TIFs listed below in 2019:

TIF District	Purpose	Expires	TIF Reimbursement Amount in 2019
Downtown 2000 Redevelopment (Original 9 <sup>th</sup> and New Hampshire) – Note 1			
901 New Hampshire – TIF Property Tax	Aid Construction and funding of multi-level, City public parking garage	2020	\$28,085
The Oread TIF District			
The Oread: TIF Sales Tax	Fund public improvements for multi-level hotel project	2028	\$146,547
The Oread: TIF Property Tax			\$369,804
9th & New Hampshire TIF District			
TIF Sales Tax: <b>South Project</b> (900 New Hampshire)	Fund public improvements for development of vacant parcel into mixed-use hotel with on-site, underground parking	2032	\$132,221
TIF Property Tax: <b>South Project</b> (900 New Hampshire)			\$305,249
TIF Sales Tax: <b>North Project</b> (888 New Hampshire)	Fund public improvements for redevelopment of property into mixed-use apartment and banking center with on-site, underground parking.	2034	\$271
TIF Property Tax: <b>North Project (888 New Hampshire)</b>			\$260,419
City retained 5% – Note 2	The City retains 5% of TIF revenues for the Arts Common project, up to \$900,000	2022	\$36,745

Note 1—The Downtown 2000 TIF does not pay out to private entities except for \$28,085 per year reimbursement that was authorized via agreement for 901 New Hampshire Street.

Note 2—The City retains 5% of TIF revenue for the Arts Common project, up to \$900,000. At the end of 2019, the City had retained a total of \$122,775 in TIF revenue (\$3,880 in 2015, \$21,789 in 2016, \$24,386 in 2017, \$35,975 in 2018 and \$36,745 in 2019).

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 14. Economic Development (Continued)

**Transportation Development District:** Transportation Development Districts (TDD) are an economic development tool established by the Kansas TDD Act (K.S.A. 12-17,140 et seq.) and subject to City policy to assist with the development of transportation improvements which can benefit a development and the public. In all TDD districts, public improvements were financed initially by the developer and are reimbursed annually via a 1% transportation district sales tax on retail or taxable services occurring within the district.

To establish a TDD, the applicant first submits a TDD petition which is signed by the owners of all of the land within the proposed district. The City Commission then considers the request to establish a TDD.

If the TDD is authorized, the City and applicant will enter into an agreement that specifies performance, certification and reimbursement requirements. City Staff will work with the property owner to certify eligible expenses and compliance with agreement provisions. Once the project begins to generate TDD revenues, City Staff works with the distributing agency and property owner to make and track reimbursements. Because reimbursements are not paid until after improvements are put in place, agreement compliance is met, eligible expenses are certified and TDD sales tax distributions are made to the City, there are no provisions for recapturing taxes. Details for TDD districts are reported annually in the City's economic development report.

The City of Lawrence negotiates TDDs on an individual basis. The City had the TDDs listed below in 2019.

TDD District	Purpose	Expires	TDD Reimbursement Amount in 2019
The Oread	Aid in funding transportation improvements related to The Oread Hotel TDD district.	2031	\$75,708
Free-State (Bauer Farms)	Aid in funding transportation improvements related to the Free-State TDD development district.	2031	\$283,752
9th & New Hampshire			
South Project: 900 New Hampshire St.	Aid in funding transportation improvements related to the 9th & New Hampshire TDD district.	2037	\$0 – Note 1
North Project: 888 New Hampshire St.			\$0

Note 1—The City retains the first \$850,000 as contribution toward the City parking garage at 10th and New Hampshire. As of December 31, 2019, the City had retained the entire amount of distributed 900 New Hampshire TDD tax revenue of \$56,103.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 15. Pending Governmental Accounting Standards Board (GASB) Statements

The GASB has issued several statements that are not yet effective and have not yet been implemented by the City. The statements which might impact the City are as follows:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending December 31, 2020. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.
- GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending December 31, 2022, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, issued March 2018, will be effective for the City beginning with its fiscal year ending December 31, 2020, with earlier adoption encouraged. Statement No. 88 clarifies which liabilities governments should include in their note disclosures related to debt. This statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowings and direct placements of debt from other debt.
- GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the City beginning with its year ending December 31, 2022. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Under Statement 91 a government entity no longer reports a liability for any conduit debt that it has issued; however, the issuer should recognize a liability for any additional commitments or voluntary commitments to support the debt service.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 15. Pending Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB statements. In particular, this Statement addresses the effective date of GASB Statement No. 87, *Leases* and Implementation Guide No. 2019-3, *Leases*, which is effective upon issuance. It also addresses 1.) Reporting of intra-entity transfers of assets between the primary government employer and component unit defined benefit retirement plans; 2.) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; 3.) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; 4.) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; 5.) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; 6.) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and 7.) Terminology used to refer to derivative instruments, all of which are effective for the City with its year ending December 31, 2022.
- GASB No. 93, *Replacement of Interbank Offered Rates* establishes how the City will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. This statement will be effective for the City with its year ending December 31, 2021 except for provision relating to the removal of the LIBOR rate, which will be effective for the fiscal year ending December 31, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement will be effective for the City with its year ending December 31, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. This statement will be effective for the City with its year ending December 31, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This statement will also enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Another objective of this statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. This statement will be effective for the City with its year ending December 31, 2022.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

## City of Lawrence, Kansas

### Notes to the Basic Financial Statements

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#### Note 16. Subsequent Event

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, and all States of the United States of America.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the City. To date, the City, as with most local municipalities in the State and Country, is experiencing declining revenue, and significant changes in the fair value of assets. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including expected credit losses on receivables and investments; Net Pension and OPEB liabilities and related deferred assets and liabilities; and contingent obligations.

On April 17, 2020, the City issued \$5,775,000 in General Obligation Improvement Bonds, Series 2020-A and \$2,445,000 in General Obligation Temporary Notes, Series 2020-I. The bonds will mature on September 1, 2040 and bear interest at an annual rate of 2.0% - 3.625%. The notes will mature on May 1, 2021 and bear interest at an annual rate of 3.0%. The proceeds will be used for the purpose of financing the renovation of Fire Station #1 within the City.

On June 25, 2020, the City issued \$2,325,000 of Taxable General Obligation Refunding Bonds, Series 2020-B. The proceeds were used to currently refund a portion of the City's Taxable General Obligation Improvement Bonds, Series 2010-A. The bonds will mature on September 1, 2034 and bear interest at an annual rate of 1.0% - 1.85%.

#### Note 17. Restatement

During 2019, it was discovered that the aggregate discretely presented component units did not include the financial data for the Hospital's own discretely presented component unit (the Hospital's Endowment Association) and therefore, did not present all the financial data for the reporting entity. It was also discovered that certain capital asset transactions were incorrectly recorded in 2018. The effects of the restatement adjustments are as follows:

	Aggregate Component Units	
Net position January 1, 2019, as previously reported	\$	284,820,482
Component unit adjustment		11,952,810
Net position January 1, 2019, as restated	\$	296,773,292
2018 change in net position, as previously reported	\$	15,555,910
Component unit adjustment		(1,332,356)
2018 change in net position, as restated	\$	14,223,554
	Business-Type Activities	Water and Sewer
Net position January 1, 2019, as previously reported	\$ 184,536,774	\$ 153,876,521
Capital assets adjustment	(7,474,196)	(7,474,196)
Net position January 1, 2019, as restated	\$ 177,062,578	\$ 146,402,325
2018 change in net position, as previously reported	\$ 13,507,855	\$ 9,744,532
Capital assets adjustment	(1,653,858)	(1,653,858)
2018 change in net position, as restated	\$ 11,853,997	\$ 8,090,674



**City of Lawrence, Kansas**

**Required Supplementary Information**

**Schedule of Changes in Total OPEB Liability and Related Ratios—City Plan**

	2019	2018
<b>Total OPEB liability</b>		
Service cost	\$ 681,971	\$ 701,279
Interest	483,736	410,745
Differences between expected and actual experience	993,023	-
Changes of assumptions	2,495,496	(147,396)
Benefit payments	(718,830)	(236,456)
<b>Net change in total OPEB liability</b>	<b>3,935,396</b>	<b>728,172</b>
Total OPEB liability—beginning	12,822,450	12,094,278
Total OPEB liability—ending	<u>\$ 16,757,846</u>	<u>\$ 12,822,450</u>
Covered payroll	<u>\$ 46,574,172</u>	<u>\$ 46,574,172</u>
Total OPEB liability as a percentage of covered payroll	35.98%	27.53%

**Notes to schedule:**

*2019 Changes of assumptions:* The discount rate was changed from 3.68% at the beginning of the year to 3.50% at the end of the year. The mortality was changed from RPH-2014 Adjusted to 2006 Total Dataset Headcount-Weighted Mortality with MP-2018 Full Generational Improvement to Pub-2010 Public Retirement Plan Headcount-Weighted Mortality with MP-2019 Full Generational Improvement and the retiree contribution premiums, admin fees and stop-loss premiums were updated. This resulted in a increase of costs by \$2,495,496.

*2018 Changes of assumptions:* The discount rate was changed from 3.24% at the beginning of the year to 3.68% at the end of the year. The mortality improvement scale was changed from MP-2017 to MP-2018 and the retiree contribution premiums, admin fees and stop-loss premiums were updated. This resulted in a reduction of costs by \$147,396.

2018 was the City's first year implementing GASB Statement No. 75 for the OPEB liability. This schedule will become a ten year schedule, as information becomes available, in accordance with GASB Statement No. 75 requirements.

**City of Lawrence, Kansas**

**Required Supplementary Information (Continued)**

**Schedule of Changes in Total OPEB Liability and Related Ratios—KPERS Plan**

	2019	2018
<b>Total OPEB liability</b>		
Service cost	\$ 108,334	\$ 107,683
Interest	69,119	66,254
Effect of economic/demographic gains	193,076	(23,557)
Changes of assumptions	37,534	(26,501)
Benefit payments	(182,614)	(195,792)
<b>Net change in total OPEB liability</b>	<b>225,449</b>	<b>(71,913)</b>
Total OPEB liability—beginning	1,768,110	1,840,023
Total OPEB liability—ending	<u>\$ 1,993,559</u>	<u>\$ 1,768,110</u>
Covered payroll	<u>\$ 26,579,520</u>	<u>\$ 27,873,554</u>
Total OPEB liability as a percentage of covered payroll	7.50%	6.34%

**Notes to schedule:**

*2019 Changes of assumptions:* The discount rate was changed from 3.87% at the beginning of the year to 3.50% at the end of the year. This resulted in a increase of costs by \$37,534.

*2018 Changes of assumptions:* The discount rate was changed from 3.58% at the beginning of the year to 3.87% at the end of the year. This resulted in a reduction of costs by \$26,501.

2018 was the City's first year implementing GASB Statement No. 75 for the OPEB liability. This schedule will become a ten year schedule, as information becomes available, in accordance with GASB Statement No. 75 requirements.

**City of Lawrence, Kansas**

**Required Supplementary Information (Continued)**

**Schedule of the City's Proportionate Share of the Net Pension Liability—KPERs**

**December 31, 2019**

	December 31,			
	Local 2019	Police and Firefighters 2019	Local 2018	Police and Firefighters 2018
City's proportion of the net pension liability	1.563%	4.629%	1.613%	4.889%
City's proportionate share of the net pension liability	\$ 21,845,415	\$ 46,853,480	\$ 22,476,271	\$ 47,041,107
City's covered payroll	\$ 28,798,716	\$ 25,785,226	\$ 28,857,883	\$ 24,857,649
City's proportionate share of the net pension liability as a percentage of its covered payroll	75.86%	181.71%	77.89%	189.24%
Plan fiduciary net position as a percentage of the total net pension liability	75.02%	71.22%	74.22%	71.53%

The amounts presented for each fiscal year were determined as of December 31. Data became available with the inception of GASB 68 during fiscal year 2015, therefore, 10 years of data in unavailable.

**Schedule of the City's Contribution—KPERs**

**December 31, 2019**

	December 31,			
	Local 2019	Police and Firefighters 2019	Local 2018	Police and Firefighters 2018
Contractually required contribution	\$ 2,497,226	\$ 5,232,406	\$ 2,459,149	\$ 5,064,566
Contributions in relation to the contractually required contribution	2,497,226	5,232,406	2,459,149	5,064,566
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 29,501,415	\$ 24,798,549	\$ 29,310,477	\$ 25,209,388
Contributions as a percentage of covered payroll	8.46%	21.10%	8.39%	20.09%

Data became available with the inception of GASB 68 during fiscal year 2015, therefore, 10 years of data is unavailable.

December 31,						
Local 2017	Police and Firefighters 2017	Local 2016	Police and Firefighters 2016	Local 2015	Police and Firefighters 2015	
1.722%	5.130%	1.683%	4.954%	1.678%	5.068%	
\$ 24,948,735	\$ 48,108,856	\$ 26,042,494	\$ 46,013,453	\$ 22,038,579	\$ 36,797,128	
\$ 29,272,989	\$ 24,092,226	\$ 29,365,147	\$ 24,053,146	\$ 27,253,827	\$ 22,717,357	
85.23%	199.69%	88.69%	191.30%	80.86%	161.98%	
72.15%	70.99%	68.55%	69.30%	71.98%	74.60%	

December 31,						
Local 2017	Police and Firefighters 2017	Local 2016	Police and Firefighters 2016	Local 2015	Police and Firefighters 2015	
\$ 2,463,442	\$ 4,723,704	\$ 2,687,252	\$ 4,919,631	\$ 2,783,814	\$ 5,137,753	
2,463,442	4,723,704	2,687,252	4,919,631	2,783,814	5,137,753	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 29,118,723	\$ 24,822,401	\$ 29,272,898	\$ 24,092,226	\$ 29,365,147	\$ 24,053,146	
8.46%	19.03%	9.18%	20.42%	9.48%	21.36%	

**City of Lawrence, Kansas**

**Kansas Public Employees Retirement System (KPERS)**  
**Notes to Required Supplementary Information**

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Actuarial methods and assumptions used to determine the actuarially determined contributions:

The following actuarial methods and assumptions were used in the December 31, 2018 valuation to determine the actuarially determined contribution.

Valuation timing	December 31, 2018
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed value
Inflation	2.75%
Salary increases including inflation	Police and firefighters 3.50% to 12.00%, including price inflation and 0.75% productivity growth Local, 3.50% to 10.00%, including price inflation and 0.75% productivity growth
Long-term rate of return	7.75%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2014 mortality tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using scale MP-2016.

## **City of Lawrence, Kansas**

### **Nonmajor Governmental Funds Special Revenue Funds**

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#### **Budgeted Funds**

Guest Tax Fund—This fund is used to account for the 6% 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.

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.

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. 12-1,118).

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. 12-1,117).

Free State TDD Fund—This fund accounts for proceeds from the Free State Transportation Development District that are paid to the developers to reimburse them for public improvements (K.S.A. 12-17,140).

## **City of Lawrence, Kansas**

### **Nonmajor Governmental Funds Special Revenue Funds**

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#### **Nonbudgeted Funds (Continued)**

Oread TDD/TIF Fund—This fund accounts for proceeds from the Oread Transportation Development District and Tax Increment Financing District that are paid to the developers to reimburse them for public improvements (K.S.A. 12-17,140).

9 NH South TDD/TIF Fund—This fund accounts for proceeds from the 9 NH South Transportation Development District and Tax Increment Financing District that are paid to the developers to reimburse them for public improvements (K.S.A. 12-17,140).

901 NH TIF Fund—This fund accounts for proceeds from the 901 NH Tax Increment Financing District that are paid to the developers to reimburse them for public improvements (K.S.A. 12-1770 to K.S.A. 12-1780d).

720 NRA Fund—This fund accounts for property tax rebates issued to property owners within the 720 LLC Neighborhood Revitalization area who make qualifying improvements to their property (K.S.A. 12-17,114).

9 NH North TDD/TIF Fund—This fund is used to account for proceeds from the 9 NH North Transportation Development District and Tax Increment Financing District that are paid to the developers to reimburse them for public improvements (K.S.A. 12-17,140).

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).

Farmland Remediation Fund—This fund is used to account for escrow funds received and remediation costs for the former Farmland Industries property (K.S.A. 12-1663).

Cemetery Perpetual Care Fund—This fund is used to provide monies for the maintenance of the City Cemetery (K.S.A. 12-1408).

Cemetery Mausoleum Fund—This fund is used to provide monies for the City Mausoleum (K.S.A. 12-1408).

Housing Trust Fund—This fund is used to support the acquisition, construction, and rehabilitation of affordable housing (K.S.A. 12-16,114).

Outside Agency Fund—This fund is used to account for grants passed through the outside agencies (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 (K.S.A. 79-2925).

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).

**City of Lawrence, Kansas**

**Nonmajor Governmental Funds  
Special Revenue Funds**

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**Nonbudgeted Funds (Continued)**

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 low and moderate income individuals and areas in the City (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).

eXplore Lawrence Fund—This fund is used to account for the activities of eXplore Lawrence as a component unit blended into the financial statements.

Lawrence Parks and Recreation Endowment Fund—The fund is to be used to account for activities of the Lawrence Park and Recreation Endowment Fund held at the Douglas County Community Foundation.

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. 60-4117).



City of Lawrence, Kansas

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019

	Guest Tax	Library	Transportation	Recreation	Special Alcohol	Special Gas Tax	Special Recreation
<b>Assets</b>							
Cash and investments	\$ 264,771	\$ 504,033	\$ 16,268,607	\$ 1,122,161	\$ 317,606	\$ 2,169,607	\$ 608,823
Receivables:							
Taxes	-	4,358,577	664,718	-	-	-	-
Intergovernmental	448,313	-	-	-	213,764	682,897	213,764
Accounts (net allowance for uncollectibles)	-	-	40	754,356	-	-	-
Loans	-	-	-	-	175,954	-	-
Accrued interest	2,314	-	131,683	10,042	793	20,571	4,851
Due from other funds	-	-	-	504	-	-	-
Prepaid	-	-	1,524	14,282	-	-	359
Inventories	-	-	-	9,057	-	-	-
Other assets	-	-	-	-	-	-	-
Restricted assets, cash and investments	-	-	-	6,985	-	-	-
<b>Total assets</b>	<b>\$ 715,398</b>	<b>\$ 4,862,610</b>	<b>\$ 17,066,572</b>	<b>\$ 1,917,387</b>	<b>\$ 708,117</b>	<b>\$ 2,873,075</b>	<b>\$ 827,797</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>							
Liabilities:							
Accounts payable	\$ 38,314	\$ -	\$ 525,478	\$ 144,965	\$ 43,403	\$ 48,321	\$ 198,927
Accrued payroll	5,463	-	2,306	92,651	-	45,509	707
Customer deposits	-	-	-	6,985	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	428,486	-	241,818	-	-	-
<b>Total liabilities</b>	<b>43,777</b>	<b>428,486</b>	<b>527,784</b>	<b>486,419</b>	<b>43,403</b>	<b>93,830</b>	<b>199,634</b>
Deferred inflows of resources, unavailable revenue	-	4,358,577	-	452,146	389,718	-	213,764
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>4,358,577</b>	<b>-</b>	<b>452,146</b>	<b>389,718</b>	<b>-</b>	<b>213,764</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>43,777</b>	<b>4,787,063</b>	<b>527,784</b>	<b>938,565</b>	<b>433,121</b>	<b>93,830</b>	<b>413,398</b>
Fund balance:							
Nonspendable	-	-	1,524	23,339	-	-	359
Restricted	671,621	75,547	16,537,264	955,483	274,996	2,779,245	414,040
Unassigned	-	-	-	-	-	-	-
<b>Total fund balance (deficit)</b>	<b>671,621</b>	<b>75,547</b>	<b>16,538,788</b>	<b>978,822</b>	<b>274,996</b>	<b>2,779,245</b>	<b>414,399</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 715,398</b>	<b>\$ 4,862,610</b>	<b>\$ 17,066,572</b>	<b>\$ 1,917,387</b>	<b>\$ 708,117</b>	<b>\$ 2,873,075</b>	<b>\$ 827,797</b>

Airport Improvement	Capital Improvement Reserve	Equipment Reserve	Free State TDD	Oread TDD/TIF	9 NH South TDD/TIF	901 NH TIF	720 NRA
\$ 190,854	\$ 9,892,872	\$ 2,558,042	\$ 23,476	\$ 99,280	\$ 342,312	\$ 156	\$ 1,030
-	913,743	83,333	50,243	33,405	21,501	-	-
-	-	47,528	-	-	-	-	-
27,778	-	-	-	3,109	826	-	-
-	-	-	-	-	-	-	-
2,923	82,737	20,565	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,441	-	-	-	31,501	-	-	-
\$ 223,996	\$ 10,889,352	\$ 2,709,468	\$ 73,719	\$ 167,295	\$ 364,639	\$ 156	\$ 1,030

\$ 120	\$ 1,237,580	\$ 48,898	\$ 23,400	\$ 25,039	\$ 5,350	\$ -	\$ -
1,436	-	-	-	-	-	-	-
2,441	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,997	1,237,580	48,898	23,400	25,039	5,350	-	-

-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

3,997	1,237,580	48,898	23,400	25,039	5,350	-	-
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-	-	-	-	-	-	-	-
219,999	9,651,772	2,660,570	50,319	142,256	359,289	156	1,030
-	-	-	-	-	-	-	-
219,999	9,651,772	2,660,570	50,319	142,256	359,289	156	1,030

\$ 223,996	\$ 10,889,352	\$ 2,709,468	\$ 73,719	\$ 167,295	\$ 364,639	\$ 156	\$ 1,030
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(Continued)

City of Lawrence, Kansas

Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
December 31, 2019

	9 NH North TDD/TIF	City Parks Memorial	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship
<b>Assets</b>								
Cash and investments	\$ 35,718	\$ 85,466	\$ -	\$ 3,645	\$ 12	\$ 917,018	\$ -	\$ 99,945
Receivables:								
Taxes	78	-	-	-	-	166,179	-	-
Intergovernmental	-	-	-	-	-	-	1,134,380	-
Accounts (net allowance for uncollectibles)	-	-	-	-	-	-	-	20
Loans	-	-	-	-	-	-	-	-
Accrued interest	-	722	9,507	-	-	7,365	-	1,116
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Restricted assets, cash and investments	-	-	2,607,299	-	-	-	-	24,000
<b>Total assets</b>	<b>\$ 35,796</b>	<b>\$ 86,188</b>	<b>\$ 2,616,806</b>	<b>\$ 3,645</b>	<b>\$ 12</b>	<b>\$ 1,090,562</b>	<b>\$ 1,134,380</b>	<b>\$ 125,081</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>								
Liabilities:								
Accounts payable	\$ -	\$ 150	\$ 32,197	\$ -	\$ -	\$ -	\$ 944,058	\$ -
Accrued payroll	-	-	392	-	-	-	3,343	-
Customer deposits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	185,191	-
Unearned revenue	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>150</b>	<b>32,589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,132,592</b>	<b>-</b>
Deferred inflows of resources, unavailable revenue	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>-</b>	<b>150</b>	<b>32,589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,132,592</b>	<b>-</b>
Fund balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	35,796	86,038	2,584,217	3,645	12	1,090,562	1,788	125,081
Unassigned	-	-	-	-	-	-	-	-
<b>Total fund balance (deficit)</b>	<b>35,796</b>	<b>86,038</b>	<b>2,584,217</b>	<b>3,645</b>	<b>12</b>	<b>1,090,562</b>	<b>1,788</b>	<b>125,081</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 35,796</b>	<b>\$ 86,188</b>	<b>\$ 2,616,806</b>	<b>\$ 3,645</b>	<b>\$ 12</b>	<b>\$ 1,090,562</b>	<b>\$ 1,134,380</b>	<b>\$ 125,081</b>

Fair Housing Assistance	Community Development	Home Program	Transportation Planning	eXplore Lawrence	Lawrence Parks & Recreation Endowment	Law Enforcement Trust	Total Nonmajor Governmental Funds
\$ 201,947	\$ 23,274	\$ -	\$ -	\$ 216,888	\$ -	\$ 151,172	\$ 36,098,715
-	-	-	-	-	-	-	6,291,777
-	31,186	31,057	59,760	-	-	-	2,862,649
-	2,394	-	-	32,967	-	-	821,490
-	236,341	-	-	-	-	-	412,295
-	-	-	-	-	-	1,143	296,332
-	-	-	-	-	-	-	504
-	-	-	2,933	4,288	-	-	23,386
-	-	-	-	-	-	-	9,057
-	-	-	-	101,815	-	-	101,815
-	-	-	-	50,168	43,771	-	2,766,165
\$ 201,947	\$ 293,195	\$ 31,057	\$ 62,693	\$ 406,126	\$ 43,771	\$ 152,315	\$ 49,684,185

\$ -	\$ 31,414	\$ 5,597	\$ 7,713	\$ 28,306	\$ -	\$ -	\$ 3,389,230
320	5,064	946	3,572	4,272	-	-	165,981
-	-	-	-	-	-	-	9,426
-	-	16,910	81,271	-	-	-	283,372
-	-	-	-	-	-	-	670,304
320	36,478	23,453	92,556	32,578	-	-	4,518,313

-	-	-	-	-	-	-	5,414,205
-	-	-	-	-	-	-	5,414,205

320	36,478	23,453	92,556	32,578	-	-	9,932,518
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-	-	-	2,933	4,288	-	-	32,443
201,627	256,717	7,604	-	369,260	43,771	152,315	39,752,020
-	-	-	(32,796)	-	-	-	(32,796)
201,627	256,717	7,604	(29,863)	373,548	43,771	152,315	39,751,667

\$ 201,947	\$ 293,195	\$ 31,057	\$ 62,693	\$ 406,126	\$ 43,771	\$ 152,315	\$ 49,684,185
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City of Lawrence, Kansas

Combining Statements of Revenue, Expenditures and Changes in Fund Balances  
Governmental Funds  
Nonmajor Governmental Funds  
Year Ended December 31, 2019

	Guest Tax	Library	Transportation	Recreation	Special Alcohol	Special Gas Tax	Special Recreation
<b>Revenues</b>							
Taxes	\$ -	\$ 4,530,646	\$ 3,939,784	\$ 2,403,000	\$ -	\$ -	\$ -
Charges for services	-	-	439,940	3,328,103	22,176	399	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Interest	9,178	-	382,494	25,230	2,003	42,803	8,360
Intergovernmental	1,766,738	-	-	-	796,495	2,905,411	796,495
Reimbursements	-	-	-	-	-	-	516
Miscellaneous	-	-	86	52,253	-	24,250	5,316
<b>Total revenues</b>	<b>1,775,916</b>	<b>4,530,646</b>	<b>4,762,304</b>	<b>5,808,586</b>	<b>820,674</b>	<b>2,972,863</b>	<b>810,687</b>
<b>Expenditures</b>							
General government	-	4,541,593	4,185,045	-	-	-	-
Public safety	-	-	-	-	837,821	-	-
Public works	-	-	-	-	29,402	2,237,266	73,304
Health	-	-	-	-	-	-	-
Social service	-	-	-	-	-	-	-
Culture and recreation	-	-	-	5,593,526	-	-	735,061
Tourism	718,980	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	322,399	59,094
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>718,980</b>	<b>4,541,593</b>	<b>4,185,045</b>	<b>5,593,526</b>	<b>867,223</b>	<b>2,559,665</b>	<b>867,459</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,056,936</b>	<b>(10,947)</b>	<b>577,259</b>	<b>215,060</b>	<b>(46,549)</b>	<b>413,198</b>	<b>(56,772)</b>
Other financing sources (uses):							
Sale of property - proceeds received	-	-	6,275	-	-	-	11,250
Transfers in	-	-	-	-	124,627	-	-
Transfers out	(1,330,000)	-	-	(120,000)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,330,000)</b>	<b>-</b>	<b>6,275</b>	<b>(120,000)</b>	<b>124,627</b>	<b>-</b>	<b>11,250</b>
<b>Net change in fund balance</b>	<b>(273,064)</b>	<b>(10,947)</b>	<b>583,534</b>	<b>95,060</b>	<b>78,078</b>	<b>413,198</b>	<b>(45,522)</b>
Fund balance, beginning of year	944,685	86,494	15,955,254	883,762	196,918	2,366,047	459,921
Fund balance, end of year	\$ 671,621	\$ 75,547	\$ 16,538,788	\$ 978,822	\$ 274,996	\$ 2,779,245	\$ 414,399

Airport Improvement	Capital Improvement Reserve	Equipment Reserve	Free State TDD	Oread TDD/TIF	9 NH South TDD/TIF	901 NH TIF	720 NRA	9 NH North TDD/TIF
\$ -	\$ 5,093,998	\$ 500,000	\$ 287,710	\$ 604,117	\$ 513,618	\$ 28,085	\$ 172,048	\$ 274,242
189,555	-	-	-	-	918	-	-	-
-	-	55,244	-	-	-	-	-	-
6,736	251,638	53,230	-	68	809	156	30	125
-	2,118,884	-	-	-	-	-	-	-
-	715,977	24,735	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
196,291	8,180,497	633,209	287,710	604,185	515,345	28,241	172,078	274,367
-	-	346,473	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,726	1,203,961	18,659	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	19,593	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	283,824	596,810	437,201	28,085	171,048	261,016
-	8,288,840	329,044	-	-	-	-	-	-
-	48,917	-	-	-	-	-	-	-
-	1,706	-	-	-	-	-	-	-
1,726	9,543,424	713,769	283,824	596,810	437,201	28,085	171,048	261,016
194,565	(1,362,927)	(80,560)	3,886	7,375	78,144	156	1,030	13,351
-	-	-	-	-	-	-	-	-
-	2,373,926	1,309,000	-	-	-	-	-	-
(200,000)	(259,782)	-	-	-	-	-	-	-
(200,000)	2,114,144	1,309,000	-	-	-	-	-	-
(5,435)	751,217	1,228,440	3,886	7,375	78,144	156	1,030	13,351
225,434	8,900,555	1,432,130	46,433	134,881	281,145	-	-	22,445
\$ 219,999	\$ 9,651,772	\$ 2,660,570	\$ 50,319	\$ 142,256	\$ 359,289	\$ 156	\$ 1,030	\$ 35,796

(Continued)

City of Lawrence, Kansas

Combining Statements of Revenue, Expenditures and Changes in Fund Balances  
Governmental Funds (Continued)  
Nonmajor Governmental Funds  
Year Ended December 31, 2019

	City Parks Memorial	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 721,881	\$ -	\$ -
Charges for services	-	-	3,650	-	-	108,285	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Interest	1,620	178,997	-	-	16,642	512	2,103
Intergovernmental	-	-	-	-	-	4,277,753	-
Reimbursements	422	-	-	-	-	-	-
Miscellaneous	27,406	-	-	-	-	386,903	9,636
<b>Total revenues</b>	<b>29,448</b>	<b>178,997</b>	<b>3,650</b>	<b>-</b>	<b>738,523</b>	<b>4,773,453</b>	<b>11,739</b>
<b>Expenditures</b>							
General government	-	-	-	-	-	3,316,077	-
Public safety	-	-	-	-	-	17,381	-
Public works	-	153,991	-	-	-	764,854	-
Health	-	-	-	-	-	134,609	-
Social service	-	-	5	-	225,540	-	-
Culture and recreation	7,509	-	-	-	-	110,605	33,682
Tourism	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay	-	1,275,818	-	-	-	938,913	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>7,509</b>	<b>1,429,809</b>	<b>5</b>	<b>-</b>	<b>225,540</b>	<b>5,282,439</b>	<b>33,682</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>21,939</b>	<b>(1,250,812)</b>	<b>3,645</b>	<b>-</b>	<b>512,983</b>	<b>(508,986)</b>	<b>(21,943)</b>
Other financing sources (uses):							
Sale fo capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	350,000	259,782	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>350,000</b>	<b>259,782</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>21,939</b>	<b>(1,250,812)</b>	<b>3,645</b>	<b>-</b>	<b>862,983</b>	<b>(249,204)</b>	<b>(21,943)</b>
Fund balance, beginning of year	64,099	3,835,029	-	12	227,579	250,992	147,024
Fund balance, end of year	\$ 86,038	\$ 2,584,217	\$ 3,645	\$ 12	\$ 1,090,562	\$ 1,788	\$ 125,081

Fair Housing Assistance	Community Development	Home Program	Transportation Planning	eXplore Lawrence	Lawrence Parks & Recreation Endowment	Law Enforcement Trust	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,069,129
-	-	-	-	66,399	-	-	4,159,425
-	-	-	-	-	-	-	55,244
1,672	250	180	44	-	-	2,988	987,868
-	535,252	-	271,668	-	-	-	13,468,696
-	-	-	-	-	-	-	741,650
-	162,805	454,490	875	45,857	-	36,209	1,206,086
1,672	698,307	454,670	272,587	112,256	-	39,197	39,688,098
-	-	-	281,237	-	-	-	12,670,425
-	-	-	-	-	-	82	855,284
-	-	233,895	-	-	-	-	4,717,058
-	-	-	-	-	-	-	134,609
13,404	752,112	219,951	-	-	-	-	1,211,012
-	-	-	-	-	-	-	6,499,976
-	-	-	-	1,210,823	-	-	1,929,803
-	-	-	-	-	-	-	1,777,984
-	-	-	-	-	-	-	11,214,108
-	-	-	-	-	-	-	48,917
-	-	-	-	-	-	-	1,706
13,404	752,112	453,846	281,237	1,210,823	-	82	41,060,882
(11,732)	(53,805)	824	(8,650)	(1,098,567)	-	39,115	(1,372,784)
-	-	-	-	-	-	-	17,525
-	-	-	-	1,120,000	-	-	5,537,335
-	-	-	-	-	-	-	(1,909,782)
-	-	-	-	1,120,000	-	-	3,645,078
(11,732)	(53,805)	824	(8,650)	21,433	-	39,115	2,272,294
213,359	310,522	6,780	(21,213)	352,115	43,771	113,200	37,479,373
\$ 201,627	\$ 256,717	\$ 7,604	\$ (29,863)	\$ 373,548	\$ 43,771	\$ 152,315	\$ 39,751,667



City of Lawrence, Kansas

Debt Service Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 10,463,000	\$ 10,463,000	\$ 10,652,722	\$ 189,722
Special assessment	942,000	942,000	1,599,336	657,336
Interest	69,000	69,000	314,734	245,734
Miscellaneous	325,000	325,000	450,121	125,121
<b>Total revenues</b>	<b>11,799,000</b>	<b>11,799,000</b>	<b>13,016,913</b>	<b>1,217,913</b>
Expenditures				
Principal retirement	7,852,000	8,588,000	8,715,397	127,397
Interest and fiscal charges	3,841,000	3,853,000	3,525,280	(327,720)
<b>Total expenditures</b>	<b>11,693,000</b>	<b>12,441,000</b>	<b>12,240,677</b>	<b>(200,323)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>106,000</b>	<b>(642,000)</b>	<b>776,236</b>	<b>1,418,236</b>
Other financing sources (uses), transfers in	552,000	520,000	883,000	363,000
<b>Total other financing sources (uses)</b>	<b>552,000</b>	<b>520,000</b>	<b>883,000</b>	<b>363,000</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses)</b>	<b>\$ 658,000</b>	<b>\$ (122,000)</b>	<b>1,659,236</b>	<b>\$ 1,781,236</b>
Fund balance, beginning of year			10,832,304	
Fund balance, end of year			<u>\$ 12,491,540</u>	

City of Lawrence, Kansas

Guest Tax Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended December 31, 2019

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,900,000	\$ 1,900,000	\$ 1,766,738	\$ (133,262)
Interest	7,000	7,000	9,178	2,178
<b>Total revenues</b>	<b>1,907,000</b>	<b>1,907,000</b>	<b>1,775,916</b>	<b>(131,084)</b>
Expenditures				
Tourism - contractual services				
Personal services	397,000	397,000	230,492	(166,508)
Contractual services	1,400,000	1,400,000	1,496,357	96,357
Commodities	30,000	30,000	29,904	(96)
Capital outlay	125,000	125,000	99,037	(25,963)
Debt Service				
Principal retirement	202,000	-	-	-
Interest and fiscal charges	7,000	-	-	-
<b>Total expenditures</b>	<b>2,161,000</b>	<b>1,952,000</b>	<b>1,855,790</b>	<b>(96,210)</b>
<b>(Deficiency) of revenues (under) expenditures</b>	<b>(254,000)</b>	<b>(45,000)</b>	<b>(79,874)</b>	<b>(34,874)</b>
Other financing sources (uses), transfers out	-	(210,000)	(210,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(210,000)</b>	<b>(210,000)</b>	<b>-</b>
<b>(Deficiency) of revenues (under) expenditures and other sources (uses)</b>	<b>\$ (254,000)</b>	<b>\$ (255,000)</b>	<b>(289,874)</b>	<b>\$ (34,874)</b>
Fund balance, beginning of year, GAAP basis			944,685	
Fund balance, end of year, budget basis			654,811	
Adjustments, encumbrances			16,810	
Fund balance, end of year, GAAP basis			<u>\$ 671,621</u>	

City of Lawrence, Kansas

Library Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,457,000	\$ 4,457,000	\$ 4,530,646	\$ 73,646
Interest	-	-	(3,593)	(3,593)
<b>Total revenues</b>	<u>4,457,000</u>	<u>4,457,000</u>	<u>4,527,053</u>	<u>70,053</u>
Expenditures				
General government, contractual services	<u>4,457,000</u>	<u>4,538,000</u>	<u>4,538,000</u>	-
<b>Total expenditures</b>	<u>4,457,000</u>	<u>4,538,000</u>	<u>4,538,000</u>	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (81,000)</u>	<u>(10,947)</u>	<u>\$ 70,053</u>
Fund balance, beginning of year			<u>86,494</u>	
Fund balance, end of year			<u>\$ 75,547</u>	

City of Lawrence, Kansas

Transportation Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended December 31, 2019

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,368,000	\$ 4,368,000	\$ 3,939,784	\$ (428,216)
Charges for services	444,000	444,000	439,940	(4,060)
Interest	42,000	42,000	382,494	340,494
Miscellaneous	-	-	6,361	6,361
<b>Total revenues</b>	<b>4,854,000</b>	<b>4,854,000</b>	<b>4,768,579</b>	<b>(85,421)</b>
Expenditures				
General government				
Personal services	100,000	100,000	154,869	54,869
Contractual service	3,584,000	3,584,000	3,523,600	(60,400)
Commodities	782,000	782,000	578,727	(203,273)
Capital Outlay	5,230,000	5,230,000	104,307	(5,125,693)
<b>Total expenditures</b>	<b>9,696,000</b>	<b>9,696,000</b>	<b>4,361,503</b>	<b>(5,334,497)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (4,842,000)</b>	<b>\$ (4,842,000)</b>	<b>407,076</b>	<b>\$ 5,249,076</b>
Fund balance, beginning of year, GAAP basis			15,955,254	
Fund balance, end of year, budget basis			16,362,330	
Adjustments, encumbrances			176,458	
Fund balance, end of year, GAAP basis			<u>\$ 16,538,788</u>	

City of Lawrence, Kansas

Recreation Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended December 31, 2019

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 2,403,000	\$ 2,403,000	\$ 2,403,000	\$ -
Charges for services	3,033,000	3,033,000	3,328,103	295,103
Interest	8,000	8,000	25,230	17,230
Miscellaneous	456,000	456,000	52,253	(403,747)
<b>Total revenues</b>	<b>5,900,000</b>	<b>5,900,000</b>	<b>5,808,586</b>	<b>(91,414)</b>
Expenditures				
Culture and recreation				
Personal services	4,620,000	4,620,000	4,287,796	(332,204)
Contractual service	909,000	909,000	981,081	72,081
Commodities	425,000	425,000	377,357	(47,643)
Other	150,000	150,000	-	(150,000)
<b>Total expenditures</b>	<b>6,104,000</b>	<b>6,104,000</b>	<b>5,646,234</b>	<b>(457,766)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(204,000)</b>	<b>(204,000)</b>	<b>162,352</b>	<b>366,352</b>
Other financing sources (uses), transfers out	(120,000)	(120,000)	(120,000)	-
<b>Total other financing sources (uses)</b>	<b>(120,000)</b>	<b>(120,000)</b>	<b>(120,000)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses)</b>	<b>\$ (324,000)</b>	<b>\$ (324,000)</b>	<b>42,352</b>	<b>\$ 366,352</b>
Fund balance, beginning of year, GAAP basis			883,762	
Fund balance, end of year, budget basis			926,114	
Adjustments, encumbrances			52,708	
Fund balance, end of year, GAAP basis			<u>\$ 978,822</u>	

City of Lawrence, Kansas

Special Alcohol Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended December 31, 2019

	Original Budget	Final Budget	Budgetary Basis Actual	Variance With Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 843,000	\$ 843,000	\$ 796,495	\$ (46,505)
Interest	2,000	2,000	2,003	3
Miscellaneous	-	-	22,176	22,176
<b>Total revenues</b>	<b>845,000</b>	<b>845,000</b>	<b>820,674</b>	<b>(24,326)</b>
<b>Expenditures</b>				
Public safety,				
contractual services	855,000	855,000	867,223	12,223
capital outlay	108,000	108,000	67,676	(40,324)
<b>Total expenditures</b>	<b>963,000</b>	<b>963,000</b>	<b>934,899</b>	<b>(28,101)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(118,000)</b>	<b>(118,000)</b>	<b>(114,225)</b>	<b>3,775</b>
Other financing sources (uses), transfers in	-	-	124,627	124,627
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>124,627</b>	<b>124,627</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses)</b>	<b>\$ (118,000)</b>	<b>\$ (118,000)</b>	<b>10,402</b>	<b>\$ 128,402</b>
Fund balance, beginning of year, GAAP basis			196,918	
Fund balance, end of year, budget basis			207,320	
Adjustments, encumbrances			67,676	
Fund balance, end of year, GAAP basis			<u>\$ 274,996</u>	

**City of Lawrence, Kansas**

**Special Gas Tax Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended December 31, 2019**

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 2,788,000	\$ 2,788,000	\$ 2,905,411	\$ 117,411
Interest	12,000	12,000	42,803	30,803
Miscellaneous	2,000	2,000	24,649	22,649
<b>Total revenues</b>	<u>2,802,000</u>	<u>2,802,000</u>	<u>2,972,863</u>	<u>170,863</u>
<b>Expenditures</b>				
Public works				
Personal services	1,919,000	1,919,000	1,764,882	(154,118)
Contractual service	26,000	43,000	277,383	234,383
Commodities	492,000	492,000	432,121	(59,879)
Capital outlay	506,000	506,000	322,399	(183,601)
<b>Total expenditures</b>	<u>2,943,000</u>	<u>2,960,000</u>	<u>2,796,785</u>	<u>(163,215)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (141,000)</u>	<u>\$ (158,000)</u>	176,078	<u>\$ 334,078</u>
Fund balance, beginning of year, GAAP basis			<u>2,366,047</u>	
Fund balance, end of year, budget basis			2,542,125	
Adjustments, encumbrances			<u>237,120</u>	
Fund balance, end of year, GAAP basis			<u>\$ 2,779,245</u>	

**City of Lawrence, Kansas**  
**Special Recreation Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**  
**Year Ended December 31, 2019**

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 843,000	\$ 843,000	\$ 796,495	\$ (46,505)
Interest	3,000	3,000	8,360	5,360
Intergovernmental	-	-	17,082	17,082
<b>Total revenues</b>	<u>846,000</u>	<u>846,000</u>	<u>821,937</u>	<u>(24,063)</u>
<b>Expenditures</b>				
Culture and recreation				
Personal services	31,000	31,000	24,970	(6,030)
Contractual service	436,000	436,000	549,556	113,556
Commodities	112,000	112,000	173,294	61,294
Capital outlay	319,000	319,000	108,356	(210,644)
<b>Total expenditures</b>	<u>898,000</u>	<u>898,000</u>	<u>856,176</u>	<u>(41,824)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (52,000)</u>	<u>\$ (52,000)</u>	<u>(34,239)</u>	<u>\$ 17,761</u>
Fund balance, beginning of year, GAAP basis			<u>459,921</u>	
Fund balance, end of year, budget basis			425,682	
Adjustments, encumbrances			<u>(11,283)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 414,399</u>	



## **City of Lawrence, Kansas**

### **Nonmajor Proprietary Funds**

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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 Fund—This fund is used to account for the operation of all parking facilities owned by the City.

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

Storm Water Utility Fund—This fund is used to account for the storm water fees and expenses for repair and maintenance of the storm water system.

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City of Lawrence, Kansas

Combining Statement of Net Position  
Nonmajor Proprietary Funds  
December 31, 2019

	Public Parking	Golf Course	Storm Water Utility	Total Nonmajor Proprietary Funds
<b>Assets and deferred outflows of resources</b>				
Current assets:				
Cash and investments	\$ 1,152,928	\$ 159,669	\$ 5,186,218	\$ 6,498,815
Receivables (net of allowance for uncollectibles)				
Accounts	6,535	3,221	456,894	466,650
Accrued interest	8,362	1,574	42,652	52,588
Inventories	-	1,796	-	1,796
Prepaid	581	289	1,493	2,363
<b>Total current assets</b>	<b>1,168,406</b>	<b>166,549</b>	<b>5,687,257</b>	<b>7,022,212</b>
Capital assets:				
Land	479,055	-	1,845,491	2,324,546
Building and improvements	4,094,602	3,898,704	13,369,362	21,362,668
Equipment	372,667	258,837	3,938,797	4,570,301
Less: accumulated depreciation	(4,421,781)	(3,880,351)	(7,229,502)	(15,531,634)
<b>Total capital assets</b>	<b>524,543</b>	<b>277,190</b>	<b>11,924,148</b>	<b>12,725,881</b>
<b>Total assets</b>	<b>1,692,949</b>	<b>443,739</b>	<b>17,611,405</b>	<b>19,748,093</b>
Deferred outflows of resources:				
Pension related amounts	48,589	27,602	57,128	133,319
OPEB related amounts	39,283	21,605	45,568	106,456
<b>Total deferred outflows of resources</b>	<b>87,872</b>	<b>49,207</b>	<b>102,696</b>	<b>239,775</b>
<b>Total assets and deferred outflows of resources</b>	<b>1,780,821</b>	<b>492,946</b>	<b>17,714,101</b>	<b>19,987,868</b>
<b>Liabilities and deferred inflows of resources</b>				
Current liabilities:				
Accounts payable	\$ 10,886	\$ 10,052	\$ 238,426	\$ 259,364
Accrued payroll	14,583	10,343	17,668	42,594
Compensated absences	33,311	38,923	62,547	134,781
Unearned revenue	-	61,443	-	61,443
<b>Total current liabilities</b>	<b>58,780</b>	<b>120,761</b>	<b>318,641</b>	<b>498,182</b>
Noncurrent liabilities:				
Compensated absences	23,364	50,904	55,111	129,379
Net pension liability	361,317	205,250	424,810	991,377
Total OPEB liability	218,040	119,922	252,926	590,888
<b>Total noncurrent liabilities</b>	<b>602,721</b>	<b>376,076</b>	<b>732,847</b>	<b>1,711,644</b>
<b>Total liabilities</b>	<b>661,501</b>	<b>496,837</b>	<b>1,051,488</b>	<b>2,209,826</b>
Deferred inflows of resources:				
Pension related amounts	34,094	19,367	40,085	93,546
OPEB related amounts	2,419	1,330	2,806	6,555
<b>Total deferred inflows of resources</b>	<b>36,513</b>	<b>20,697</b>	<b>42,891</b>	<b>100,101</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>698,014</b>	<b>517,534</b>	<b>1,094,379</b>	<b>2,309,927</b>
<b>Net position</b>				
Net investment in capital assets	\$ 524,543	\$ 277,190	\$ 11,924,148	\$ 12,725,881
Unrestricted (deficit)	558,264	(301,778)	4,695,574	4,952,060
<b>Total net position</b>	<b>\$ 1,082,807</b>	<b>\$ (24,588)</b>	<b>\$ 16,619,722</b>	<b>\$ 17,677,941</b>

**City of Lawrence, Kansas**

**Combining Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Proprietary Funds  
Year Ended December 31, 2019**

	Public Parking	Golf Course	Stormwater Utility	Total Nonmajor Proprietary Funds
<b>Operating revenues</b>				
Charges for services	\$ 1,338,682	\$ 886,906	\$ 3,519,478	\$ 5,745,066
Other sales	-	30,000	-	30,000
<b>Total operating revenues</b>	<u>1,338,682</u>	<u>916,906</u>	<u>3,519,478</u>	<u>5,775,066</u>
<b>Operating expenses</b>				
Continuing operations	392,473	904,854	1,657,760	2,955,087
General administration	-	-	32,105	32,105
Depreciation	166,252	34,160	843,223	1,043,635
<b>Total operating expenses</b>	<u>558,725</u>	<u>939,014</u>	<u>2,533,088</u>	<u>4,030,827</u>
<b>Operating income (loss)</b>	<u>779,957</u>	<u>(22,108)</u>	<u>986,390</u>	<u>1,744,239</u>
Nonoperating revenues (expenses):				
Interest income	22,065	2,797	133,915	158,777
Loss on sale of capital assets	-	-	(50,104)	(50,104)
Miscellaneous	99,833	(67,627)	-	32,206
<b>Total nonoperating revenues (expenses)</b>	<u>121,898</u>	<u>(64,830)</u>	<u>83,811</u>	<u>140,879</u>
<b>Income (loss) before transfers</b>	<u>901,855</u>	<u>(86,938)</u>	<u>1,070,201</u>	<u>1,885,118</u>
Transfers out	-	(1,000)	(426,000)	(427,000)
<b>Change in net position</b>	<u>901,855</u>	<u>(87,938)</u>	<u>644,201</u>	<u>1,458,118</u>
Net position, beginning	<u>180,952</u>	<u>63,350</u>	<u>15,975,521</u>	<u>16,219,823</u>
Net position (deficit), ending	<u>\$ 1,082,807</u>	<u>\$ (24,588)</u>	<u>\$ 16,619,722</u>	<u>\$ 17,677,941</u>

**City of Lawrence, Kansas**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
**Year Ended December 31, 2019**

	Public Parking	Golf Course	Stormwater Utility	Total Nonmajor Proprietary Funds
Cash flows from operating activities:				
Cash received from customers and users	\$ 1,387,945	\$ 977,628	\$ 3,447,757	\$ 5,813,330
Cash paid to suppliers of goods and services	-	(474,024)	(1,048,698)	(1,522,722)
Cash paid to employees	(1,042,508)	(431,208)	(668,739)	(2,142,455)
<b>Net cash provided by operating activities</b>	<b>345,437</b>	<b>72,396</b>	<b>1,730,320</b>	<b>2,148,153</b>
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	-	-	(132,843)	(132,843)
Proceeds from (payments for) other capital activities	99,833	(67,626)	-	32,207
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>99,833</b>	<b>(67,626)</b>	<b>(132,843)</b>	<b>(100,636)</b>
Cash flows from noncapital financing activities:				
Transfers out	-	(1,000)	(426,000)	(427,000)
<b>Net cash (used in) noncapital financing activities</b>	<b>-</b>	<b>(1,000)</b>	<b>(426,000)</b>	<b>(427,000)</b>
Cash flows from investing activities:				
Purchase of investments	(2,066,926)	(432,815)	(5,147,412)	(7,647,153)
Sale of investments	1,027,086	277,023	150,898	1,455,007
Interest received	17,892	3,214	113,009	134,115
<b>Net cash used in investing activities</b>	<b>(1,021,948)</b>	<b>(152,578)</b>	<b>(4,883,505)</b>	<b>(6,058,031)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(576,678)</b>	<b>(148,808)</b>	<b>(3,712,028)</b>	<b>(4,437,514)</b>
Cash and cash equivalents, beginning	689,766	152,685	3,901,732	4,744,183
Cash and cash equivalents, ending	<u>\$ 113,088</u>	<u>\$ 3,877</u>	<u>\$ 189,704</u>	<u>\$ 306,669</u>

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)  
Nonmajor Proprietary Funds  
Year Ended December 31, 2019

	Public Parking	Golf Course	Stormwater Utility	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 779,957	\$ (22,108)	\$ 986,390	\$ 1,744,239
Net cash provided by operating activities:				
Depreciation expense	166,252	34,160	843,223	1,043,635
(Increase) decrease in accounts receivable	(2,622)	(721)	(71,721)	(75,064)
(Increase) decrease in inventories	-	6,011	-	6,011
(Increase) decrease in prepaids	(581)	(289)	(1,493)	(2,363)
(Increase) decrease in deferred outflows				
Pension related amounts	112,301	8,338	19,125	139,764
OPEB related amounts	(39,283)	(21,605)	(45,568)	(106,456)
Increase (decrease) in accounts payable	(17,640)	2,319	15,903	582
Increase (decrease) in accrued payroll	(806)	1,081	(3,789)	(3,514)
Increase (decrease) in net pension liability	(509,721)	(31,661)	(77,840)	(619,222)
Increase (decrease) in total OPEB liability	(61,830)	17,304	57,018	12,492
Increase (decrease) in deferred inflows				
Pension related amounts	(24,590)	(1,396)	(3,968)	(29,954)
OPEB related amounts	(2,064)	(314)	(332)	(2,710)
Increase (decrease) in unearned revenue	-	61,443	-	61,443
Increase (decrease) in compensated absences	(53,936)	19,834	13,372	(20,730)
<b>Net cash provided by operating activities</b>	<b>\$ 345,437</b>	<b>\$ 72,396</b>	<b>\$ 1,730,320</b>	<b>\$ 2,148,153</b>
Noncash capital activities - capital assets in accounts payable	\$ -	\$ -	\$ 174,858	\$ 174,858
Reconciliation of amounts reported on the statement of net position:				
Cash and cash equivalents	\$ 113,088	\$ 3,877	\$ 189,704	\$ 306,669
Investments	1,039,840	155,792	4,996,514	6,192,146
<b>Total cash and investments</b>	<b>\$ 1,152,928</b>	<b>\$ 159,669</b>	<b>\$ 5,186,218</b>	<b>\$ 6,498,815</b>

## **City of Lawrence, Kansas**

### **Internal Service Funds**

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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.

General Liability Fund—This fund accounts for payments for auto and general liability claims.

Workers' Comp Liability Fund—This fund accounts for payments for workers' compensation claims.

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. This fund was closed during fiscal year 2019.

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

Administrative Services Fund—This fund accounts for the City's information systems, risk management, human resources and finance departments' expenses. These expenses are charged to other City funds based on certain criteria and ratios.

City of Lawrence, Kansas

Combining Statement of Net Position  
Internal Service Funds  
December 31, 2019

	General Liability	Workers' Comp Liability	Central Maintenance	Stores	Health Insurance	Administrative Services	Total
Assets and deferred outflows of resources:							
Current assets:							
Cash and investments	\$ 923,551	\$ 1,114,592	\$ 1,001,565	\$ -	\$ 13,089,920	\$ -	\$ 16,129,628
Receivables (net of allowances for uncollectibles):							
Accounts	2,987	-	1,110	-	57,790	-	61,887
Accrued interest	8,240	10,145	-	-	147,653	-	166,038
Inventories	-	-	371,931	-	-	-	371,931
Prepaid	-	-	21,156	-	-	226,364	247,520
<b>Total current assets</b>	<b>934,778</b>	<b>1,124,737</b>	<b>1,395,762</b>	<b>-</b>	<b>13,295,363</b>	<b>226,364</b>	<b>16,977,004</b>
Capital assets:							
Building and improvements	-	-	756,676	-	-	-	756,676
Equipment	-	-	459,109	-	-	-	459,109
Less: accumulated depreciation	-	-	(1,014,444)	-	-	-	(1,014,444)
<b>Total capital assets</b>	<b>-</b>	<b>-</b>	<b>201,341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>201,341</b>
<b>Total assets</b>	<b>934,778</b>	<b>1,124,737</b>	<b>1,597,103</b>	<b>-</b>	<b>13,295,363</b>	<b>226,364</b>	<b>17,178,345</b>
Deferred outflows of resources:							
Pension related amounts	-	-	83,533	-	-	-	83,533
OPEB related amounts	-	-	66,780	-	-	-	66,780
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>150,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,313</b>
<b>Total assets and deferred outflows of resources</b>	<b>934,778</b>	<b>1,124,737</b>	<b>1,747,416</b>	<b>-</b>	<b>13,295,363</b>	<b>226,364</b>	<b>17,328,658</b>
Liabilities and deferred inflows of resources:							
Liabilities:							
Current liabilities							
Accounts payable	\$ 39,568	\$ 11,276	\$ 159,430	\$ -	\$ 582,189	\$ 147	\$ 792,610
Claims payable	-	849,879	-	-	1,340,456	-	2,190,335
Accrued payroll	-	-	30,238	-	-	-	30,238
Compensated absences	-	-	80,280	-	-	-	80,280
Due to other funds	-	-	-	-	504	226,364	226,868
<b>Total current liabilities</b>	<b>39,568</b>	<b>861,155</b>	<b>269,948</b>	<b>-</b>	<b>1,923,149</b>	<b>226,511</b>	<b>3,320,331</b>
Noncurrent liabilities:							
Compensated absences	-	-	84,792	-	-	-	84,792
Net pension liability	-	-	621,166	-	-	-	621,166
Total OPEB liability	-	-	370,668	-	-	-	370,668
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>1,076,626</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,076,626</b>
<b>Total liabilities</b>	<b>39,568</b>	<b>861,155</b>	<b>1,346,574</b>	<b>-</b>	<b>1,923,149</b>	<b>226,511</b>	<b>4,396,957</b>
Deferred inflows of resources:							
Pension related amounts	-	-	58,613	-	-	-	58,613
OPEB related amounts	-	-	4,112	-	-	-	4,112
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>62,725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,725</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>39,568</b>	<b>861,155</b>	<b>1,409,299</b>	<b>-</b>	<b>1,923,149</b>	<b>226,511</b>	<b>4,459,682</b>
Net position							
Net investment in capital assets	\$ -	\$ -	\$ 201,341	\$ -	\$ -	\$ -	\$ 201,341
Unrestricted (deficit)	895,210	263,582	136,776	-	11,372,214	(147)	12,667,635
<b>Total net position</b>	<b>\$ 895,210</b>	<b>\$ 263,582</b>	<b>\$ 338,117</b>	<b>\$ -</b>	<b>\$ 11,372,214</b>	<b>\$ (147)</b>	<b>\$ 12,868,976</b>

City of Lawrence, Kansas

Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
Year Ended December 31, 2019

	General Liability	Workers' Comp Liability	Central Maintenance	Stores	Health Insurance	Administrative Services	Total
<b>Operating revenue</b>							
Charges for services	\$ -	\$ 622,000	\$ 4,840,941	\$ -	\$ 13,972,310	\$ -	\$ 19,435,251
<b>Total operating revenues</b>	-	622,000	4,840,941	-	13,972,310	-	19,435,251
<b>Operating expenses</b>							
Continuing operations	277,703	1,153,208	3,765,049	-	-	100	5,196,060
General administration	-	-	23,647	-	2,197,768	47	2,221,462
Health insurance claims	-	-	-	-	8,885,714	-	8,885,714
Depreciation	-	-	41,203	-	-	-	41,203
<b>Total operating expense</b>	277,703	1,153,208	3,829,899	-	11,083,482	147	16,344,439
<b>Operating income (loss)</b>	(277,703)	(531,208)	1,011,042	-	2,888,828	(147)	3,090,812
<b>Nonoperating revenues</b>							
Interest income	19,529	22,628	164	-	288,797	-	331,118
Miscellaneous	43,908	8,744	4,307	-	-	-	56,959
Gain on sale of capital assets	-	-	9,633	-	-	-	9,633
<b>Total nonoperating revenues</b>	63,437	31,372	14,104	-	288,797	-	397,710
<b>Income (loss) before transfers</b>	(214,266)	(499,836)	1,025,146	-	3,177,625	(147)	3,488,522
Transfers in	60,000	-	-	-	-	-	60,000
Transfers out	-	-	-	(18,475)	-	-	(18,475)
<b>Total transfers</b>	60,000	-	-	(18,475)	-	-	41,525
<b>Change in net position</b>	(154,266)	(499,836)	1,025,146	(18,475)	3,177,625	(147)	3,530,047
Net position (deficit), beginning	1,049,476	763,418	(687,029)	18,475	8,194,589	-	9,338,929
Net position (deficit), ending	\$ 895,210	\$ 263,582	\$ 338,117	\$ -	\$ 11,372,214	\$ (147)	\$ 12,868,976



City of Lawrence, Kansas

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended December 31, 2019

	General Liability	Workers' Comp Liability	Central Maintenance	Stores	Health Insurance	Administrative Services	Total
Cash flows from operating activities:							
Cash received from customers and users	\$ -	\$ 622,000	\$ 4,839,831	\$ -	\$ 13,980,241	\$ -	\$ 19,442,072
Cash paid to suppliers of goods and services	(251,470)	(791,876)	(2,901,452)	(6,566)	(10,738,481)	(226,364)	(14,916,209)
Cash paid to employees	-	-	(884,270)	-	-	-	(884,270)
<b>Net cash provided by (used in) operating activities</b>	(251,470)	(169,876)	1,054,109	(6,566)	3,241,760	(226,364)	3,641,593
Cash flows from capital and related financing activities:							
Proceeds from sale of capital assets	-	-	9,632	-	-	-	9,632
Proceeds from other capital activities	43,908	8,744	4,307	-	-	-	56,959
<b>Net cash provided by capital and related financing activities</b>	43,908	8,744	13,939	-	-	-	66,591
Cash flows from noncapital financing activities:							
Interfund loan	-	-	(66,647)	-	504	226,364	160,221
Transfers in	60,000	-	-	-	-	-	60,000
Transfers out	-	-	-	(18,475)	-	-	(18,475)
<b>Net cash (used in) noncapital financing activities</b>	60,000	-	(66,647)	(18,475)	504	226,364	201,746
Cash flows from investing activities:							
Purchase of investments	(2,098,552)	(2,408,973)	(5,166,756)	-	(56,537,801)	-	(66,212,082)
Sale of investments	1,219,744	1,331,312	5,115,812	-	43,717,486	-	51,384,354
Interest received	18,718	22,994	164	167	250,165	-	292,208
<b>Net cash used in investing activities</b>	(860,090)	(1,054,667)	(50,780)	167	(12,570,150)	-	(14,535,520)
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,007,652)	(1,215,799)	950,621	(24,874)	(9,327,886)	-	(10,625,590)
Cash and cash equivalents, beginning	1,052,395	1,252,730	-	24,874	9,597,491	-	11,927,490
Cash and cash equivalents, ending	\$ 44,743	\$ 36,931	\$ 950,621	\$ -	\$ 269,605	\$ -	\$ 1,301,900

(Continued)

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)  
Internal Service Funds  
Year Ended December 31, 2019

	General Liability	Workers' Comp Liability	Central Maintenance	Stores	Health Insurance	Administrative Services	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (277,703)	\$ (531,208)	\$ 1,011,042	\$ -	\$ 2,888,828	\$ (147)	\$ 3,090,812
Net cash provided by (used in) operating activities							
Depreciation expense	-	-	41,203	-	-	-	41,203
(Increase) decrease in accounts receivable	(2,987)	-	(1,110)	-	7,931	-	3,834
(Increase) decrease in inventories	-	-	(4,848)	-	-	-	(4,848)
(Increase) decrease in prepaids	-	-	(21,156)	-	-	(226,364)	(247,520)
(Increase) decrease in deferred outflows							
Pension related amounts	-	-	17,552	-	-	-	17,552
OPEB related amounts	-	-	(66,780)	-	-	-	(66,780)
Increase (decrease) in accounts payable	29,220	7,339	7,963	(6,566)	323,789	147	361,892
Increase (decrease) in claims payable	-	353,993	-	-	21,212	-	375,205
Increase (decrease) in accrued payroll	-	-	2,101	-	-	-	2,101
Increase (decrease) in net pension liability	-	-	(45,175)	-	-	-	(45,175)
Increase (decrease) in total OPEB liability	-	-	90,798	-	-	-	90,798
Increase (decrease) in deferred inflows							
Pension related amounts	-	-	214	-	-	-	214
OPEB related amounts	-	-	(371)	-	-	-	(371)
Increase (decrease) in accrued compensated absences	-	-	22,676	-	-	-	22,676
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (251,470)</b>	<b>\$ (169,876)</b>	<b>\$ 1,054,109</b>	<b>\$ (6,566)</b>	<b>\$ 3,241,760</b>	<b>\$ (226,364)</b>	<b>\$ 3,641,593</b>
Reconciliation of amounts reported on the statement of net position:							
Cash and cash equivalents	\$ 44,743	\$ 36,931	\$ 950,621	\$ -	\$ 269,605	\$ -	\$ 1,301,900
Investments	878,808	1,077,661	50,944	-	12,820,315	-	14,827,728
<b>Total cash and investments</b>	<b>\$ 923,551</b>	<b>\$ 1,114,592</b>	<b>\$ 1,001,565</b>	<b>\$ -</b>	<b>\$ 13,089,920</b>	<b>\$ -</b>	<b>\$ 16,129,628</b>

## **City of Lawrence, Kansas**

### **Statistical Section (Unaudited)**

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

#### Contents

##### **Financial Trends**

These schedules help the reader understand how the City's financial performance and well-being have changed over time.

##### **Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, property tax.

##### **Debt Capacity**

These schedules help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

##### **Economic and Demographic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.

##### **Operating Information**

The schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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

Table 1

## CITY OF LAWRENCE, KANSAS

## Net Position by Component

Last Ten Fiscal Years  
(accrual basis of accounting)

		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>											
Net investment in capital assets	\$	120,684,461	129,183,408	138,239,587	142,465,788	153,650,856	165,282,595	176,377,845	174,116,398	203,909,143	211,012,487
Restricted		31,067,667	29,677,058	30,071,225	27,610,575	24,514,918	17,031,955	16,176,776	16,124,317	22,642,527	29,367,732
Unrestricted		30,723,645	33,582,269	34,040,332	34,979,766	39,710,437	(7,071,563)	(4,515,792)	11,126,590	8,002,262	190,444
Total governmental activities net position	\$	<u>182,475,773</u>	<u>192,442,735</u>	<u>202,351,144</u>	<u>205,056,129</u>	<u>217,876,211</u>	<u>175,242,987</u>	<u>188,038,829</u>	<u>201,367,305</u>	<u>234,553,932</u>	<u>240,570,663</u>
<b>Business-type activities</b>											
Net investment in capital assets	\$	131,412,998	130,911,335	132,286,325	135,412,622	142,129,630	138,094,523	115,683,218	109,887,927	163,615,909	119,110,426
Restricted		-	-	-	-	-	-	2,007,755	2,007,755	7,463,508	7,483,183
Unrestricted		26,602,323	29,737,496	31,931,406	30,899,856	26,144,324	21,920,645	48,675,637	61,630,771	13,457,357	53,808,460
Total business-type activities net position	\$	<u>158,015,321</u>	<u>160,648,831</u>	<u>164,217,731</u>	<u>166,312,478</u>	<u>168,273,954</u>	<u>160,015,168</u>	<u>166,366,610</u>	<u>173,526,453</u>	<u>184,536,774</u>	<u>180,402,069</u>
<b>Primary government</b>											
Net investment in capital assets	\$	252,097,459	260,094,743	270,525,912	277,878,410	295,780,486	303,377,118	292,061,063	284,004,325	367,525,052	330,122,913
Restricted		31,067,667	29,677,058	30,071,225	27,610,575	24,514,918	17,031,955	18,184,531	18,132,072	30,106,035	36,850,915
Unrestricted		57,325,968	63,319,765	65,971,738	65,879,622	65,854,761	14,849,082	44,159,845	72,757,361	21,459,619	53,998,904
Total primary government net position	\$	<u>340,491,094</u>	<u>353,091,566</u>	<u>366,568,875</u>	<u>371,368,607</u>	<u>386,150,165</u>	<u>335,258,155</u>	<u>354,405,439</u>	<u>374,893,758</u>	<u>419,090,706</u>	<u>420,972,732</u>

Table 2

## CITY OF LAWRENCE, KANSAS

## Changes in Net Position

Last Ten Fiscal Years  
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 23,127,748	22,477,809	25,726,334	24,459,731	26,010,819	29,469,833	28,734,221	23,993,685	23,127,516	28,630,913
Public Safety	28,650,139	29,036,287	30,675,333	31,660,850	33,175,448	33,066,853	36,496,705	44,199,155	44,961,424	51,933,937
Public Works	16,549,924	15,679,396	15,939,222	21,791,694	14,560,490	20,010,423	18,222,484	31,644,780	13,078,042	20,326,438
Health	1,919,306	1,438,414	1,379,859	1,215,155	1,308,714	1,098,022	1,244,979	1,320,850	1,081,903	1,167,189
Social Services	1,915,284	2,264,240	2,198,039	2,130,316	1,319,214	774,782	2,105,177	2,609,249	1,702,269	1,512,942
Culture and Recreation	8,125,600	8,106,806	8,473,244	8,463,663	9,746,664	9,914,279	10,765,374	11,851,021	11,767,715	13,859,427
Tourism	885,555	1,052,713	969,229	1,009,528	1,266,137	1,706,788	2,746,841	2,759,231	1,675,004	1,943,413
Airport	318,403	494,077	226,568	251,419	229,161	252,735	145,227	139,414	-	-
Economic Development	-	-	-	-	-	-	765,183	2,358,798	1,721,663	1,777,984
Interest on Long-Term Debt	2,813,274	2,634,868	2,312,471	1,493,818	3,860,258	2,803,653	3,091,844	3,440,221	3,399,543	3,442,110
Total Governmental Activities Expenses	<u>84,305,233</u>	<u>83,184,610</u>	<u>87,900,299</u>	<u>92,476,174</u>	<u>91,476,905</u>	<u>99,097,368</u>	<u>104,318,035</u>	<u>124,316,404</u>	<u>102,515,079</u>	<u>124,594,353</u>
Business-Type Activities:										
Water & Sewer	26,269,408	26,971,544	28,610,906	28,303,397	29,021,550	32,175,287	34,618,665	37,356,134	39,047,713	45,764,237
Sanitation	9,202,456	9,945,012	9,762,916	9,797,103	12,174,577	10,943,115	11,091,519	11,448,107	11,332,783	12,439,608
Stormwater	1,695,136	1,822,001	2,151,249	1,785,144	1,864,838	1,787,179	1,820,913	2,132,331	2,423,210	2,533,088
Public Parking	1,329,347	1,330,036	1,340,421	1,399,151	1,498,150	1,405,290	1,231,070	1,378,713	1,764,009	558,725
Golf Course	998,557	917,860	944,149	930,730	973,740	961,517	978,457	1,261,536	850,780	939,014
Total Business-Type Activities Expenses	<u>39,494,904</u>	<u>40,986,453</u>	<u>42,809,641</u>	<u>42,215,525</u>	<u>45,532,855</u>	<u>47,272,388</u>	<u>49,740,624</u>	<u>53,576,821</u>	<u>55,418,495</u>	<u>62,234,672</u>
Total Primary Government Expenses	\$ <u>123,800,137</u>	<u>124,171,063</u>	<u>130,709,940</u>	<u>134,691,699</u>	<u>137,009,760</u>	<u>146,369,756</u>	<u>154,058,659</u>	<u>177,893,225</u>	<u>157,933,574</u>	<u>186,829,025</u>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 8,518,656	8,293,905	8,745,433	9,008,294	8,990,118	8,769,512	5,857,934	5,122,733	5,932,189	5,042,029
Public Safety	398,548	453,968	403,121	503,123	563,446	427,146	5,773,962	6,866,750	7,382,054	8,735,242
Culture and Recreation	2,379,992	1,955,406	2,278,274	2,259,932	2,590,218	2,946,433	3,703,700	3,343,028	3,504,515	3,966,284
Other Activities	547,979	471,492	370,832	440,872	571,777	461,508	1,599,985	534,779	1,648,292	680,797
Operating Grants and Contributions	10,417,284	11,609,950	11,525,865	9,632,212	10,229,250	11,137,540	10,649,050	12,026,288	11,118,873	5,675,620
Capital Grants and Contributions	14,676,844	3,235,965	3,295,028	412,940	5,433,051	389,639	1,055,540	16,914,876	1,728,558	2,177,582
Total Governmental Activities Program Revenues	<u>36,939,303</u>	<u>26,020,686</u>	<u>26,618,553</u>	<u>22,257,373</u>	<u>28,377,860</u>	<u>24,131,778</u>	<u>28,640,171</u>	<u>44,808,454</u>	<u>31,314,481</u>	<u>26,277,554</u>
Business-Type Activities:										
Charges for Services:										
Water & Sewer	30,362,409	31,089,678	34,345,233	32,259,758	34,130,975	35,608,968	39,233,985	42,930,470	50,217,334	45,697,915
Sanitation	10,002,337	10,546,148	10,749,061	10,768,380	11,325,772	12,565,494	12,775,928	13,634,852	14,618,244	14,738,312
Stormwater	2,948,627	2,952,788	2,970,639	2,972,683	3,036,886	3,015,164	3,082,304	3,238,658	3,564,261	3,576,201
Parking	1,162,143	1,264,390	1,225,464	1,197,212	1,287,303	1,340,528	1,444,710	1,563,008	1,345,293	1,372,765
Golf Course	780,840	718,419	820,444	753,198	772,843	733,798	747,031	984,669	930,992	932,240

(continued)

Table 2, cont.

## CITY OF LAWRENCE, KANSAS

## Changes in Net Position, Continued

Last Ten Fiscal Years  
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Business-Type Activities Program Revenues	45,256,356	46,571,423	50,110,841	47,951,231	50,553,779	53,263,952	57,283,958	62,351,657	70,676,124	66,317,433
Total Primary Government Program Revenues	\$ 82,195,659	72,592,109	76,729,394	70,208,604	78,931,639	77,395,730	85,924,129	107,160,111	101,990,605	92,594,987
Net (Expense)/Revenue										
Governmental Activities	\$ (47,365,930)	(57,163,924)	(61,281,746)	(70,218,801)	(63,099,045)	(74,965,590)	(75,677,864)	(79,507,950)	(71,200,598)	(98,316,799)
Business-Type Activities	5,761,452	5,584,970	7,301,200	5,735,706	5,020,924	5,991,564	7,543,334	8,774,836	15,257,629	4,082,761
Total Primary Government Net Expense	\$ (41,604,478)	(51,578,954)	(53,980,546)	(64,483,095)	(58,078,121)	(68,974,026)	(68,134,530)	(70,733,114)	(55,942,969)	(94,234,038)
<b>General Revenues and Other Changes in</b>										
<b>Net Assets</b>										
Governmental Activities:										
Taxes										
Property and Vehicle Taxes	\$ 24,689,288	25,240,210	26,479,032	27,775,692	28,388,241	30,163,532	31,870,781	33,414,884	37,134,285	38,053,817
Franchise Taxes	6,300,184	6,408,974	6,482,183	6,822,828	7,645,920	7,127,746	7,448,325	7,229,327	7,465,999	7,415,461
Sales, Liquor, Guest and Gas Taxes	29,499,359	30,835,166	32,409,308	32,644,826	34,791,050	36,073,916	38,935,957	39,365,644	40,528,022	48,920,869
Unrestricted Grants and Contributions	723,125	645,080	691,768	689,082	732,100	720,387	764,798	783,431	796,314	42,032
Investment Earnings	337,284	134,306	210,102	202,023	223,756	100,697	390,171	493,557	1,069,632	2,939,293
Miscellaneous	6,512	185,909	425,033	136,700	255,075	2,580,346	3,385,152	3,361,033	284,338	3,174,583
Transfers	4,621,388	4,671,294	4,492,729	4,652,635	3,882,985	3,653,030	2,257,560	3,801,983	3,685,635	3,787,475
Total Governmental Activities	66,177,140	68,120,939	71,190,155	72,923,786	75,919,127	80,419,654	85,052,744	88,449,859	90,964,225	104,333,530
Business-Type Activities:										
Unrestricted Grants and Contributions	5,148	3,303	-	-	-	-	-	-	-	-
Investment Earnings	44,953	105,578	121,636	105,283	26,824	233,589	500,878	802,034	1,077,026	2,224,171
Miscellaneous	509,320	620,900	638,793	906,393	796,713	767,015	564,790	1,310,446	858,835	820,034
Transfers	(4,621,388)	(4,671,294)	(4,492,729)	(4,652,635)	(3,882,985)	(3,653,030)	(2,257,560)	(3,801,983)	(3,685,635)	(3,787,475)
Total Business-Type Activities	(4,061,967)	(3,941,513)	(3,732,300)	(3,640,959)	(3,059,448)	(2,652,426)	(1,191,892)	(1,689,503)	(1,749,774)	(743,270)
Total Primary Government	\$ 62,115,173	64,179,426	67,457,855	69,282,827	72,859,679	77,767,228	83,860,852	86,760,356	89,214,451	103,590,260
<b>Change in Net Position</b>										
Governmental Activities	\$ 18,811,210	10,957,015	9,908,409	2,704,985	12,820,082	5,454,064	9,374,880	8,941,909	19,763,627	6,016,731
Business-Type Activities	1,699,485	1,643,457	3,568,900	2,094,747	1,961,476	3,339,138	6,351,442	7,085,333	13,507,855	3,339,491
Total Primary Government	\$ 20,510,695	12,600,472	13,477,309	4,799,732	14,781,558	8,793,202	15,726,322	16,027,242	33,271,482	9,356,222

Table 3

## CITY OF LAWRENCE, KANSAS

## General Government Tax Revenues by Source

Last Ten Fiscal Years  
(modified accrual basis of accounting)

<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>	<b>Total Taxable Retail Sales</b>
2010	22,656,849	29,499,359	6,300,184	1,936,585	95,855	60,488,832	1,236,094,700
2011	23,204,001	30,835,166	6,408,974	1,944,512	91,697	62,484,350	1,291,735,200
2012	24,417,039	32,409,308	6,482,183	1,965,745	96,247	65,370,522	1,359,399,600
2013	25,470,800	32,644,826	6,822,828	2,206,347	98,546	67,243,347	1,388,082,800
2014	25,844,497	34,791,050	7,645,920	2,447,054	96,690	70,825,211	1,445,408,100
2015	27,672,476	36,073,916	7,127,746	2,562,534	96,085	73,532,757	1,512,719,800
2016	28,968,384	38,935,957	7,448,325	2,800,584	101,813	78,255,063	1,596,568,250
2017	30,401,649	39,365,643	7,229,327	2,912,075	101,162	80,009,856	1,631,773,470
2018	34,017,273	40,528,022	7,465,999	3,014,654	102,358	85,128,306	1,644,471,741
2019	35,518,560	41,217,278	7,415,462	3,185,972	96,266	87,433,538	1,665,248,878

\*Beginning in 2016, sales tax includes the City's share of county sales tax. Amounts prior to 2016 have been updated to reflect this.

Table 4

## CITY OF LAWRENCE, KANSAS

## Fund Balances of Governmental Funds

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2010	2011*	2012	2013	2014	2015	2016**	2017	2018	2019
General Fund										
Nonspendable	\$ -	-	-	-	-	-	-	-	-	206,645
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	489,385	458,016	444,230	418,924	483,882	626,605	666,212	456,504	2,081,608
Unassigned	-	12,764,449	12,807,728	12,987,191	13,203,510	12,718,338	20,009,047	22,713,597	24,996,096	24,709,340
Reserved	556,401	-	-	-	-	-	-	-	-	-
Unreserved	<u>12,747,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	\$ <u>13,304,155</u>	<u>13,253,834</u>	<u>13,265,744</u>	<u>13,431,421</u>	<u>13,622,434</u>	<u>13,202,220</u>	<u>20,635,652</u>	<u>23,379,809</u>	<u>25,452,600</u>	<u>26,997,593</u>
All Other Governmental Funds										
Nonspendable	\$ -	463,176	461,146	424,304	562,959	562,959	434,460	411,460	80,347	32,443
Restricted	-	16,727,528	17,198,370	16,924,753	17,578,956	16,468,996	15,742,316	25,226,913	50,110,197	83,548,746
Assigned	-	20,498,354	22,307,990	28,407,656	29,326,657	25,955,112	25,103,256	28,700,173	-	-
Unassigned	-	(1,820,366)	(1,706,921)	(15,039,302)	(14,022,677)	(8,716,690)	(11,265,210)	(116,324)	(21,213)	(32,796)
Reserved	17,615,379	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	18,002,435	-	-	-	-	-	-	-	-	-
Capital Projects Funds	<u>(1,871,354)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	\$ <u>33,746,460</u>	<u>35,868,692</u>	<u>38,260,585</u>	<u>30,717,411</u>	<u>33,445,895</u>	<u>34,270,377</u>	<u>30,014,822</u>	<u>54,222,222</u>	<u>50,169,331</u>	<u>83,548,393</u>

\*The City implemented GASB Statement No. 54 in 2011.

\*\*In 2016, fund balance increased significantly in the General Fund primarily because of a restatement in fund balance and a one time interfund transfer. The Capital Project Fund fluctuates annually due to the nature of the fund.



Table 5

**CITY OF LAWRENCE, KANSAS**  
**Changes in Fund Balances of Governmental Funds**

Last Ten Fiscal Years  
(modified accrual basis of accounting)

Unaudited

	2010	2011	2012	2013	2014	2015	2016*	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 51,853,338	53,602,446	55,968,894	57,958,993	60,669,355	63,022,436	78,202,845	80,009,856	85,128,306	87,433,538
Special Assessments	2,736,562	3,763,111	3,195,006	2,762,369	2,735,676	2,411,557	2,018,400	2,542,191	889,070	1,599,336
Licenses and Permits	871,264	944,702	968,947	1,028,880	974,690	1,525,191	1,873,080	1,647,100	2,065,644	1,585,563
Charges for Services	6,506,432	6,402,873	6,668,879	6,676,694	6,984,748	8,091,858	10,141,679	12,005,980	11,504,060	12,275,703
Fines, Forfeitures and Penalties	3,101,898	2,942,454	2,823,509	3,083,596	3,277,102	2,987,550	2,451,698	2,214,210	2,237,632	1,897,608
Interest	322,758	145,314	193,727	188,012	266,269	95,043	366,695	458,254	1,034,090	2,636,307
Intergovernmental	22,662,507	22,013,251	22,164,027	20,230,592	21,868,227	22,501,383	12,617,160	14,376,408	13,935,803	14,383,505
Reimbursements	138,393	449,094	335,350	472,548	675,165	1,577,236	4,130,660	1,529,769	1,622,723	2,076,208
Miscellaneous	9,514,236	1,190,375	1,399,018	811,405	2,408,160	1,072,924	1,570,382	1,831,264	1,084,214	1,794,382
Total Revenues	97,707,388	91,453,620	93,717,357	93,213,089	99,859,392	103,285,178	113,372,599	116,615,032	119,501,542	125,682,150
<b>Expenditures</b>										
General Government	22,358,619	22,353,342	24,950,523	23,865,832	25,347,630	26,604,520	27,374,180	23,929,049	23,162,939	25,896,044
Public Safety	28,074,410	28,487,747	30,336,181	31,178,696	32,508,249	33,856,702	35,428,959	41,512,350	44,127,910	46,100,200
Public Works	8,648,070	9,648,859	9,124,553	12,095,488	8,410,527	8,837,676	8,859,891	20,494,795	11,912,013	12,003,694
Health	1,917,525	1,436,649	1,379,104	1,214,877	1,309,031	1,166,555	1,245,432	1,318,875	1,123,941	1,162,195
Social Services	1,533,790	1,777,310	1,530,158	1,486,561	681,297	1,236,327	1,211,398	1,658,234	1,604,816	1,211,012
Culture and Recreation	7,658,288	7,688,245	8,041,351	7,993,784	9,178,546	9,513,574	10,280,949	11,151,720	11,662,354	11,434,466
Tourism	885,555	1,051,345	967,620	1,007,438	1,263,707	1,566,103	2,739,874	2,748,422	1,674,768	1,929,803
Airport	201,889	377,900	110,908	134,849	194,405	434,596	134,866	128,179	-	-
Economic Development	-	-	-	-	-	-	765,183	2,358,798	1,721,663	1,777,984
Capital Outlay	15,486,693	10,889,382	13,454,338	31,999,515	41,565,540	19,203,361	14,214,757	12,900,993	16,065,513	22,507,011
Debt Service:										
Principal Retirement	16,923,114	8,719,010	14,927,625	9,793,066	9,273,481	10,555,721	10,665,747	9,072,028	9,539,875	8,764,315
Interest and Fiscal Charges	2,890,327	2,622,226	2,582,033	2,313,042	2,253,624	3,373,345	3,199,285	3,349,460	3,687,136	3,559,349
Issance Costs	-	-	-	-	-	-	-	-	-	252,831
Total Expenditures	106,578,280	95,052,015	107,404,394	123,083,148	131,986,037	116,348,480	116,120,521	130,622,903	126,282,928	136,598,904
Excess of Revenues over (under) Expenditures	(8,870,892)	(3,598,395)	(13,687,037)	(29,870,059)	(32,126,645)	(13,063,302)	(2,747,922)	(14,007,871)	(6,781,386)	(10,916,754)
<b>Other Financing Sources (Uses)</b>										
Transfers In	17,113,409	5,265,393	4,961,707	5,764,700	4,336,262	3,856,194	12,135,572	4,842,454	8,907,554	10,087,810
Transfers Out	(12,488,235)	(590,519)	(465,500)	(1,108,559)	(450,000)	(200,053)	(9,874,995)	(1,037,454)	(5,218,554)	(6,300,335)
Sale of Property - Proceeds Received	-	-	-	-	-	-	-	-	-	17,525
Capital Lease Proceeds	-	-	-	-	-	-	244,260	1,064,200	-	-
Proceeds of General Obligation Bonds	11,895,000	3,895,000	11,190,000	4,405,000	41,455,000	9,450,000	-	35,034,000	-	41,505,000
Premium on General Obligation Bonds	-	-	404,633	-	3,136,301	426,956	-	2,036,462	-	530,809
Total Other Financing Sources (Uses)	16,520,174	8,569,874	16,090,840	9,061,141	48,477,563	13,533,097	2,504,837	41,939,662	3,689,000	45,840,809
Net Change in Fund Balances	\$ 7,649,282	4,971,479	2,403,803	(20,808,918)	16,350,918	469,795	(243,085)	27,931,791	(3,092,386)	34,924,055
Debt Service as a Percentage of Noncapital Expenditures	21.4%	14.0%	18.6%	12.9%	13.0%	14.0%	13.6%	10.4%	13.4%	10.8%

\*Economic development expenditures represent new funds to account for various economic development agreements the City has entered into.

Table 6

## 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 Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value		
2010	805,513,584	5,785,488,085	29,111,051	116,444,204	17,962,282	53,886,846	852,586,917	5,955,819,135	14.3%	26.697
2011	811,352,189	7,057,515,250	26,179,943	112,965,148	19,078,875	19,078,875	856,611,007	7,189,559,273	11.9%	28.610
2012	807,364,770	7,065,536,665	23,044,106	100,766,596	21,914,351	66,426,085	852,323,227	7,232,729,346	11.8%	28.580
2013	810,265,700	7,056,749,570	21,615,031	94,744,293	24,426,177	74,018,718	856,306,908	7,225,512,581	11.9%	30.040
2014	831,174,881	7,272,780,209	18,432,625	80,794,981	25,511,114	25,511,114	875,118,620	7,379,086,304	11.9%	31.470
2015	850,079,403	7,438,194,776	16,950,709	74,299,359	27,914,590	27,914,590	894,944,702	7,540,408,725	11.9%	31.488
2016	885,273,456	7,746,142,740	16,001,791	70,140,005	27,654,355	27,654,355	928,929,602	7,843,937,100	11.8%	32.018
2017	944,118,547	8,261,037,286	13,968,253	61,226,480	27,374,301	27,374,301	985,461,101	8,349,638,067	11.8%	33.279
2018	995,457,186	8,598,573,020	13,533,461	62,431,469	28,331,792	28,331,792	1,037,322,439	8,689,336,281	11.9%	33.278
2019	1,048,578,279	9,133,478,310	12,152,502	57,065,503	29,802,723	29,802,723	1,090,533,504	9,220,346,536	11.8%	33.319

(1) Excludes motor vehicles.

Source: Douglas County Appraiser

Table 7

## CITY OF LAWRENCE, KANSAS

## Property Tax Rates – Direct and Overlapping Governments

Last Ten Fiscal Years

Unaudited

Year	City of Lawrence			Overlapping Rates							Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Douglas County			School District			State of Kansas	
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2010	19.700	7.000	26.700	35.748	0.000	35.748	47.497	12.149	59.646	1.500	123.594
2011	20.100	8.510	28.610	35.770	0.000	35.770	47.740	11.700	59.440	1.500	125.320
2012	21.020	8.510	29.530	35.770	0.000	35.770	47.430	10.580	58.010	1.500	124.810
2013	21.530	8.510	30.040	37.150	0.000	37.150	47.250	10.540	57.790	1.500	126.480
2014	22.970	8.500	31.470	40.950	0.060	41.010	45.540	10.210	55.750	1.500	129.730
2015	22.984	8.504	31.488	40.591	0.507	41.098	46.833	10.073	56.906	1.500	130.992
2016	23.514	8.504	32.018	43.583	0.509	44.092	43.860	9.500	53.360	1.500	130.970
2017	23.522	9.757	33.279	45.509	0.509	46.018	45.515	10.435	55.950	1.500	136.747
2018	23.968	9.310	33.278	45.507	0.508	46.015	43.506	10.921	54.427	1.500	135.220
2019	23.997	9.322	33.319	46.430	0.000	46.430	43.058	9.926	52.984	1.500	134.233

Source: Douglas County Budget Office

Table 8

## CITY OF LAWRENCE, KANSAS

Principal Taxpayers

December 31, 2019

Unaudited

Taxpayer	Type of Business	2019 Assessed Valuation	Rank	Percent of Total Assessed Valuation	2010 Assessed Valuation	Rank	Percent of Total Assessed Valuation
Westar Energy	Electric Utility	\$ 21,055,433	1	1.93 %	\$ 8,584,825	1	1.01 %
Walmart	Retail Outlet	6,205,713	2	0.57	5,318,487	2	0.62
ARC PRLAWS001 LLC	Real Estate Management	5,954,175	3	0.55	—	—	—
Links at Kansas	Real Estate Management	5,531,167	4	0.51	—	—	—
Cherry Hill Properties LLC	Real Estate Management	5,494,467	5	0.50	—	—	—
HERE Lawrence Property Owner LLC	Real Estate Management	4,841,725	6	0.44	—	—	—
Menard Inc	Retail Center	4,541,180	7	0.42	—	—	—
Black Hills Corp	Gas Utility	4,473,429	8	0.41	3,218,875	8	0.38
IREIT Lawrence Iowa Street LLC	Real Estate Management	4,330,700	9	0.40	—	—	—
UP Connection Lawrence Spe LLC	Real Estate Management	4,083,267	10	0.37	—	—	—
Southwestern Bell	Telephone Utility	—	—	—	4,490,302	3	0.53
Packerware Corp	Plastics Manufacturer	—	—	—	4,777,935	4	0.56
Hallmark Cards	Card Manufacturer	—	—	—	4,203,429	5	0.49
Lawrence Paper Co	Paper Manufacturer	—	—	—	4,101,255	6	0.48
Inland Western Lawrence	Retail Center	—	—	—	4,048,602	7	0.47
Fairfield Lawrence Exchange LLC	Retail Center	—	—	—	2,802,839	9	0.33
Westgate	Retail Center	—	—	—	2,561,408	10	0.30
Total		\$ <u>66,511,256</u>		<u>6.10</u> %	\$ <u>44,107,957</u>		<u>5.17</u> %

Source: Douglas County Clerk.

Table 9

## 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>
2010	22,816,080	22,254,534	97.54	402,315	22,656,849	99.30	1,252,387	5.49
2011	22,786,706	22,666,750	99.47	537,251	23,204,001	101.83	835,092	3.66
2012	24,406,107	24,011,362	98.38	405,677	24,417,039	100.04	824,160	3.38
2013	25,205,016	25,085,728	99.53	385,072	25,470,800	101.05	558,376	2.22
2014	25,756,589	25,358,111	98.45	336,580	25,694,691	99.76	620,274	2.41
2015	27,539,983	27,032,669	98.16	339,460	27,372,129	99.39	788,128	2.86
2016	28,168,200	27,832,626	98.81	313,875	28,146,501	99.92	809,827	2.88
2017	29,742,950	29,220,299	98.24	172,637	29,392,936	98.82	1,159,841	3.90
2018	32,783,573	32,352,946	98.69	308,224	32,661,170	99.63	1,282,244	3.91
2019	34,521,790	33,854,125	98.07	252,071	34,106,196	98.80	1,697,838	4.92

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

(2) The ratio of total tax collection to total tax levy may exceed 100% in years when the current tax collections on the current year total tax levy, plus the current year delinquent tax collections on prior years' total tax levy exceeded the current year total tax levy.

Table 10

## CITY OF LAWRENCE, KANSAS

## Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases			
2010 \$	72,562,785	\$ -	\$ -	\$ 53,025,000	\$ 12,582,215	\$ 26,957,125	\$ -	\$ 165,127,125	4.42 %	1,781
2011	67,738,775	-	-	50,880,000	11,406,225	24,902,681	-	154,927,681	4.09 %	1,649
2012	64,001,150	-	-	48,670,000	10,213,850	22,776,957	-	145,661,957	3.89 %	1,551
2013	58,613,083	-	-	46,390,000	8,996,917	20,577,479	-	134,577,479	3.28 %	1,423
2014	90,794,602	-	-	44,030,000	9,800,398	18,301,688	-	162,926,688	3.97 %	1,723
2015	89,688,881	-	131,544	129,535,000	8,251,119	15,946,937	-	243,553,481	5.69 %	2,506
2016	79,640,645	-	286,629	183,538,349	20,375,195	-	-	283,840,818	6.22 %	2,898
2017	101,598,559	-	1,236,083	185,527,794	16,381,828	-	-	304,744,264	6.47 %	3,063
2018	91,966,494	6,018,520	1,143,691	199,557,038	12,607,365	-	-	311,293,108	5.87 %	3,090
2019	87,225,560	44,049,421	991,376	191,334,777	9,014,419	-	-	332,615,553	not available	not available

Note 1 - See the Demographic Statistics Table at Table 15 for personal income and population data.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 11

## 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	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
2010	92,727	852,587	138,170,000	7,907,864	130,262,136	15.28	1,405
2011	93,927	856,611	79,145,000	8,491,589	70,653,411	8.25	752
2012	93,944	852,323	74,215,000	9,303,767	64,911,233	7.62	691
2013	94,586	856,307	67,610,000	9,659,399	57,950,601	6.77	613
2014	96,292	875,119	100,595,000	10,674,909	89,920,091	10.28	951
2015	97,193	894,945	97,940,000	10,901,622	87,038,378	9.73	896
2016	97,948	928,930	100,015,840	10,930,190	89,085,650	9.59	910
2017	99,496	985,461	117,980,387	11,266,535	106,713,852	10.83	1,073
2018	100,736	1,037,322	101,410,000	10,832,304	90,577,696	8.73	899
2019	103,812	1,090,534	96,239,979	12,491,540	83,748,439	7.68	807

(1) City of Lawrence, Kansas Planning Department estimates

(2) Amounts expressed in thousands

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

Table 12

## CITY OF LAWRENCE, KANSAS

Computation of Direct and Overlapping Bonded Debt –  
General Obligation Bonds

December 31, 2019

<u>Jurisdiction</u>	<u>Bond Issues Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Direct – City of Lawrence	\$ <u>132,266,357</u>	100 %	\$ <u>132,266,357</u>
Overlapping:			
Douglas County	15,300,000	75%	114,814
Unified School District No. 497	<u>180,015,000</u>	85%	<u>1,531,442</u>
	<u>195,315,000</u>		<u>1,646,256</u>
	\$ <u><u>327,581,357</u></u>		\$ <u><u>133,912,613</u></u>

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

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also applied to the other debt of the overlapping governmental units.

Sources: Douglas County Budget Office and the USD 497 School District Finance Office



Table 13

## CITY OF LAWRENCE, KANSAS

## Computation of Legal Debt Margin

## Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Assessed Valuation of Taxable Property	\$ 908,351,890	\$ 928,635,604	\$ 924,953,742	932,601,818	951,413,530	958,124,464	995,923,209	1,022,983,962	1,037,322,439	1,090,533,504
Debt Limit Percent of Assessed Value	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>	<u>30.00%</u>
Debt Limit	272,505,567	278,590,681	277,486,123	279,780,545	285,424,059	287,437,339	298,776,963	306,895,189	311,196,732	327,160,051
Total net debt applicable to limit (includes temporary notes)	<u>92,610,000</u>	<u>93,520,000</u>	<u>98,430,000</u>	<u>123,085,000</u>	<u>119,625,000</u>	<u>108,735,000</u>	<u>79,048,062</u>	<u>105,085,263</u>	<u>107,410,000</u>	<u>128,503,000</u>
Legal Debt Margin	<u>\$ 179,895,567</u>	<u>\$ 185,070,681</u>	<u>\$ 179,056,123</u>	<u>\$ 156,695,545</u>	<u>\$ 165,799,059</u>	<u>\$ 178,702,339</u>	<u>\$ 219,728,901</u>	<u>\$ 201,809,926</u>	<u>\$ 203,786,732</u>	<u>\$ 198,657,051</u>
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	33.98%	33.57%	35.47%	43.99%	41.91%	37.83%	26.46%	34.24%	34.52%	39.28%

Note: Under State finance law, the City's outstanding general obligation debt should not exceed 30 percent of the total assessed property value.

\* General obligation bonds and temporary notes issued to finance utility improvements, revenue bonds, and certain refunding bonds are not subject to the debt limit pursuant to K.S.A. 10-301 et seq. Prior to 2016, all general obligation debt was included in this computation.

**Table 14****CITY OF LAWRENCE, KANSAS**

## Revenue Bond Coverage – Water and Sewer Fund

Last Ten Fiscal Years

<u>Year</u>	<u>Operating Revenue</u>	<u>Operating Expenses Less Depreciation</u>	<u>Net Revenue Available For Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2010	30,362,409	22,906,455	7,455,954	1,965,000	2,586,534	4,551,534	1.64
2011	31,089,678	23,839,442	7,250,236	2,145,000	2,382,795	4,527,795	1.60
2012	34,345,233	25,671,088	8,674,145	2,210,000	2,304,105	4,514,105	1.92
2013	32,259,758	18,925,425	13,334,333	2,280,000	2,985,423	5,265,423	2.53
2014	34,130,975	19,635,194	14,495,781	2,360,000	2,132,685	4,492,685	3.23
2015	35,608,968	19,637,989	15,970,979	13,355,000	3,799,618	17,154,618	0.93
2016	39,686,384	21,498,117	18,188,267	4,625,000	5,287,290	9,912,290	1.83
2017	43,619,415	22,538,928	21,080,487	6,445,000	6,635,356	13,080,356	1.61
2018	51,106,079	23,596,806	27,509,273	7,305,000	6,687,187	13,992,187	1.97
2019	45,243,570	30,366,028	14,877,542	7,305,000	7,275,129	14,580,129	1.02

Table 15

## CITY OF LAWRENCE, KANSAS

## Demographic Statistics

## Last Ten Fiscal Years

## Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2010	92,727	3,732,401,000	32,070	25.30	11,158	6.2
2011	93,927	3,745,526,000	33,379	26.70	11,250	5.1
2012	93,944	3,745,526,000	33,379	26.70	11,458	5.3
2013	94,586	4,100,447,000	36,331	26.70	11,437	4.1
2014	94,586	4,100,447,000	36,331	26.70	11,840	3.5
2015	97,193	4,277,044,000	36,686	26.70	12,106	3.0
2016	97,948	4,567,016,000	38,686	26.70	11,969	3.6
2017	99,496	4,710,732,000	39,400	26.70	11,970	3.1
2018	100,736	5,299,726,000	43,642	27.50	12,051	3.1
2019	103,812	not available	not available	26.70	11,879	2.6

## Data Sources:

- (1) City of Lawrence, Kansas Planning Department estimates
- (2) 2010-2019 data from U.S. Bureau of Economic Analysis
- (3) From U.S. Census Bureau 2010 Census
- (4) Headcount enrollment for USD 497, Kansas Department of Education
- (5) Bureau of Labor Statistics

Table 16

## CITY OF LAWRENCE, KANSAS

## Principal Employers

Current Year and Nine Years Ago

Employer	2019			2010		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
The University of Kansas	9,994	1	22.29%	9,872	1	16.62%
Lawrence Public Schools	1,920	2	4.28%	1,634	2	2.75%
LMH Health	1,800	3	4.01%	1,279	4	2.15%
Amarr Garage Doors	1,538	4	3.43%	497	8	0.84%
Maximus (formerly General Dynamics IT)	1,100	5	2.45%	-	-	-
City of Lawrence	860	6	1.92%	1,020	5	1.72%
Hallmark Cards Inc.	772	7	1.72%	510	7	0.86%
Berry Global	750	8	1.67%	739	6	1.24%
Douglas County	521	9	1.16%	396	9	0.67%
SS&C	359	10	0.80%	-	-	-
Vangent	-	-	-	1,500	3	2.53%
K-Mart Distribution	-	-	-	350	10	0.59%
Total	<u>19,614</u>		<u>33.61%</u>	<u>17,797</u>		<u>29.84%</u>

Table 17

## CITY OF LAWRENCE, KANSAS

## Full Time Equivalent Employees by Function

Last Ten Fiscal Years

Unaudited

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government	77.69	67.84	73.09	72.55	84.50	84.50	115.70	97.30	97.80	124.03
Public Safety	321.00	319.00	335.00	327.00	328.00	328.00	330.00	331.00	332.00	335.00
Public Works	172.75	165.75	166.75	167.75	170.50	170.50	187.00	186.00	186.00	185.80
Culture & Recreation	70.78	68.78	66.78	68.78	79.28	79.28	81.00	78.28	79.28	76.28
Health	1.00	1.00	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Social Services	8.75	8.75	5.55	5.55	4.30	-	3.60	2.70	2.70	2.60
Water & Sewer	128.26	128.26	131.26	130.26	140.26	140.26	142.50	143.13	142.63	122.20
Tourism	-	-	-	-	-	-	-	-	-	3.00
Total	<u>780.23</u>	<u>759.38</u>	<u>778.43</u>	<u>771.89</u>	<u>807.84</u>	<u>803.54</u>	<u>860.80</u>	<u>839.41</u>	<u>841.40</u>	<u>849.91</u>

Source: City of Lawrence Budget Document

Table 18

## CITY OF LAWRENCE, KANSAS

## Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Fire Protection</b>										
Number of Firefighters and Officers	140	140	143	141	135	131	143	143	143	146
Number of Fire Calls Answered	1,982	1,958	1,970	1,979	1,979	2,200	2,220	2,220	2,220	191
Number of Medical Calls Answered	7,763	7,743	8,211	8,734	9,001	9,438	9,514	9,438	9,438	8,781
Number of Medical Transports	4,726	4,808	5,139	7,686	5,320	5,775	5,851	6,207	6,207	6,441
Number of Inspections Conducted	4,643	3,537	5,522	3,728	4,326	6,392	7,241	7,332	7,332	4,862
<b>Police Protection</b>										
Number of Commissioned Police Officers	142	147	147	154	154	155	153	154	154	139
Number of Full Time Civilians	33	33	30	33	33	33	33	28	28	25
Number of Calls for Service	115,383	112,647	112,464	121,599	115,398	107,478	100,142	95,708	95,702	91,658
Arrests Processed through County Jail	4,563	3,409	3,847	4,661	3,668	3,219	2,976	3,324	2,994	2,434
Officer Issued Traffic Violations	39,699	13,277	13,150	4,657	15,631	12,811	10,970	11,614	10,742	8,417
Officer Issued Parking Violations	85,958	29,680	11,882	12,986	37,292	10,988	10,754	10,534	8,826	7,783
<b>Sewerage System</b>										
Number of Service Connections	32,940	33,106	32,915	32,239	32,345	32,395	32,395	32,791	33,105	34,146
Actual Daily Average of Treatment in Million Gallons Daily	11	9	10	10	9	10	10	10	9	12
<b>Water System</b>										
Number of Service Connections	32,940	33,106	32,915	32,897	33,005	33,220	33,256	33,547	33,874	34,146
Daily Average Consumption in Million Gallons	10	11	11	11	10	10	11	10	11	10
Maximum Daily Capacity of Plant in Million Gallons	37	37	37	37	37	37	37	41	41	41

Sources: Various government departments

Table 19

## CITY OF LAWRENCE, KANSAS

## Capital Asset Statistics by Function

Last Ten Fiscal Years

Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Works</b>										
Miles of Streets	321.3	323.2	323.2	333.6	333.6	356.9	362.9	365.23	367.19	351.62
<b>Culture and Recreation</b>										
Recreation Facilities	5	4	4	4	4	7	7	7	7	7
Parks	52	54	54	54	54	56	56	56	56	56
Park Acreage	3,535	3,535	3,535	3,535	3,535	3,800	3,800	3,800	3,800	3,800
Tennis Courts	19	11	11	11	11	16	16	16	16	16
<b>Fire Protection</b>										
Number of Stations	5	5	6	6	6	6	6	5	5	5
<b>Police Protection</b>										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Patrol Units	36	30	30	30	30	38	40	40	36	36
<b>Sewerage System</b>										
Miles of Sanitary Sewers	430	433	433	434	434	452	454	457	460	461
Number of Treatment Plants	1	1	1	1	1	1	1	2	2	2
Number of Lift Stations	34	34	34	33	33	31	31	32	32	34
<b>Water System</b>										
Number of Water Plants	2	2	2	2	2	2	2	2	2	2
Miles of Water Mains	452	455	455	499	499	520	523	556	565	568
Number of City owned Fire Hydrants	3,198	3,218	3,218	3,331	3,331	3,480	3,531	3,599	3,646	3,690
<b>Libraries</b>										
Public Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (approximately)	224,781	229,777	229,777	229,777	229,777	201,400	207,500	198,257	204,146	203,403
<b>Facilities and Services Not Included in the Reporting Entity:</b>										
<b>Education</b>										
Number of Public Elementary Schools	15	14	14	14	14	14	14	14	14	14
Number of Public Elementary School Instructors	487	429	429	457	457	459	445	435	421	489
Number of Public Secondary Schools	6	6	6	6	6	6	6	6	6	6
Number of Public Secondary School Instructors	362	465	465	485	485	495	476	456	460	526
Number of Universities	2	2	2	2	2	2	2	2	2	2
<b>Hospitals</b>										
Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Number of Patient Beds	191	173	173	173	173	174	174	174	174	174

Sources: Various government departments

## City of Lawrence, Kansas

### Continuing Disclosure Information (Unaudited)

#### Recent Developments

The largest permitted projects in 2020 as of May 17, 2020, are as follows:

Project Description	Construction Valuation
Interior Remodel, Target, 3201 Iowa St	\$3,500,000
Addition and Renovation, USD 497, 110 McDonald Dr	2,100,000
Commercial New Structure, office and warehouse, 2460 Fairfield St	1,850,000
Commercial New Structure, Casey's General Store, 3111 Nieder Rd	1,563,679
Interior Remodel, Chi Omega, 1345 West Campus Rd	1,200,000
Commercial New Structure, Dunco Heating & Cooling, 1920 Delaware St	1,100,000

The largest permitted projects in 2019 were as follows:

Project Description	Construction Valuation
Lawrence High School Addition and Renovations	\$ 44,463,425
Opus Group Multi-Family Development	21,513,067
Lawrence Police Headquarters Building	15,500,000
West Middle School renovations	8,460,000
Grandstand Glassware & Apparel addition	5,150,000
Bishop Seabury Academy addition	4,400,000
Lake Estates Apartments	4,177,496
Bethel Estates Phase II (7 new Multi-Family dwellings)	4,025,000
Fairfield Inn & Suites	4,000,000
Liberty Memorial Central Middle School renovations	3,800,000
Target Renovation	3,500,000
Lawrence Memorial Hospital Sterile Processing addition	3,000,000
Casey's General Store	2,500,000
Heritage Tractor	2,500,000
Hetrick Air Services hangar and business office	2,109,732
USD #497 Administrative Office addition/renovation	2,100,000
Home Sweet Home Dog Daycare & Resort	1,855,750
Fairfield Office and Warehouse building, 2460 Fairfield Street	1,850,000
Commercial Multi-Family, 935 Michigan Street	1,700,000
Douglas County Tier III Independent Living	1,613,000
Casey's General Store, 3111 Nieder Road	1,563,679
Douglas County Tier II Group Home, 1000 W 2nd Street	1,366,700
Single-Family Dwelling, 153 N Wilderness Way	1,345,000
Bar Screen Replacement, Kansas River Wastewater Treatment Plant	1,320,547
LMH Health Interior Remodel, 3211 Iowa Street	1,290,411
Single-Family Dwelling, 1710 Lake Alvamar Drive	1,239,734
Chi Omega renovation	1,200,000
Remodel and Exterior Addition, 728 Massachusetts Street	1,200,000
Hawker II Clubhouse	1,166,200
Dunco Heating & Cooling, 1920 Delaware Street	1,100,000

*Source: City of Lawrence, Planning and Development Services*



## Labor Force Data

	Annual Average				
	2015	2016	2017	2018	2019
Labor force:					
City of Lawrence	52,222	52,444	52,326	66,068	53,700
Douglas County	65,273	65,556	65,199	66,068	66,598
State of Kansas	1,499,009	1,484,001	1,478,783	1,483,590	1,496,270
Unemployment rate:					
City of Lawrence	3.7%	3.6%	3.1%	2.7%	2.5%
Douglas County	3.7	3.6	3.2	2.7	2.5
State of Kansas	4.2	4.2	3.6	3.5	3.2

Source: Kansas Labor Information Center, <https://www.klic.dol.ks.gov>.

## Permits Issued by the City

Year	New Single Family Residential		New Commercial/Industrial		Total Value*
	Number	Value	Number	Value	(All Permits)
2019	153	45,173,958	13	39,216,051	213,984,111
2018	285	99,343,420	14	99,478,244	276,589,268
2017	172	47,944,746	16	39,056,790	165,923,864
2016	137	38,096,166	28	37,717,200	220,882,201
2015	161	44,921,350	22	35,494,368	227,899,792
2014	101	26,561,875	18	25,270,632	99,707,903
2013	155	36,875,582	9	49,927,401	171,995,682
2012	123	29,381,806	12	11,839,853	100,656,131
2011	95	22,281,269	15	23,412,046	107,767,956

\* In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, building alterations, etc.).

Source: City of Lawrence, Planning and Development Services

## Labor Contracts

Employees of the City have never been on strike against the management. The status of labor contracts in the City is as follows:

Bargaining Unit	Number of Employees	Expiration Date of Current Contract
Lawrence Police Officers Association	128	December 31, 2020
Local 1596 International Association of Firefighters	112	December 31, 2020
	240	
Nonunionized employees	620	
<b>Total full-time employees</b>	<b>860</b>	

Source: City of Lawrence, Human Resources

## WATER AND WASTEWATER DISCLOSURE INFORMATION

### History, Organization, and Operation of the System

The City of Lawrence Municipal Services and Operations Department (the “Department”) has the responsibility of providing water and sewage service to the City and portions of the outlying area. The Department operates through the Director of Utilities, Dave Wagner, under the delegated authority of the City Managers, Mr. Thomas M. Markus and Mr. Craig Owens.

The water and sewage systems (the “System”) are operated as a combined entity for administrative and financial purposes, with all revenues commingled in a common fund, from which all water and sewage operating expenses, direct capital expenditures, and debt service costs are paid. However, water and sewage rates are based upon separate schedules and are established to cover the costs of each utility.

### Description of Existing Facilities of the System

#### The Water Utility

The City’s water system provides exclusive treated water service to approximately 34,151 customers, most of whom are located within the corporate limits of the City. Treated water service is also currently provided on a wholesale basis to six rural water districts (one of which is on an emergency need basis) and the City of Baldwin, Kansas. The water system is capable of drawing on both the Kansas River and the Clinton Reservoir for raw water.

The City’s current water supply consists of ground water and surface water derived from three sources: two water intakes from the Kansas River, six wells located in the Kansas River basin, and an intake on Clinton Reservoir, located west of the City. The following sets forth the volume of water for which the City has approved applications and/or rights to appropriate water for beneficial use.

<u>Source</u>	<u>Acre Feet Per Year</u>
Kansas River	25,017.57
Clinton Reservoir	<u>15,305.60</u>
Total	40,323.17

The City’s rights to the Kansas River supply is protected from junior water rights holders under Kansas law. The Clinton Reservoir supply is pursuant to water supply contracts with the Kansas Water Office. In addition, the City (along with other major cities on the Kansas River) is a member of the Kansas River Water Assurance District. The District was formed to purchase storage in upstream reservoirs to mitigate water supply problems during drought conditions.

The water utility service area is supplied from the Kaw Water Treatment Plant and the Clinton Water Treatment Plant. The Kaw Plant is a 16.0 million gallon per day (mgd) capacity water treatment plant located near the Kansas River at Third and Indiana Streets and has been in operation since 1917. The Clinton Plant is located near the Clinton Reservoir in the southwestern portion of the City and has been in operation since 1980. Subsequent expansions to the Clinton Plant in 2002, 2004, 2009, and to the raw water pump station in 2016 have increased that Plant’s original 10.0 mgd capacity to 25.0 mgd. The distribution system includes over 568 miles of water mains and 3,690 fire hydrants. The daily average volume of water treated was 9.9 mgd in 2019. The highest recorded amount of water treated was 24.6 mgd on July 6, 2012. The City uses conventional water treatment technology including lime softening, coagulation and filtration.

## The Wastewater Utility

The wastewater utility provides exclusive service to virtually the same customers that are served by the water utility. The City's wastewater collection system includes over 461 miles of sewers and includes lines up to 54 inches in diameter. The Department maintains 324 sewage lift stations. Primary and secondary treatment of collected sewage is provided at the 12.5 mgd capacity dry weather and 25.0 mgd wet weather wastewater treatment plant located on the Kansas River near the eastern edge of the City. The plant also has an excess flow treatment facility capable of treating an additional 40.0 mgd during peak wet weather flows. The plant was first placed in service in 1956 and upgraded in 2004 and 2013. The daily average treatment for 2019 was approximately 12.3 mgd.

The Wakarusa River Wastewater Treatment Plant and Conveyance Corridor system went into operation in March of 2018. The combined project cost was \$73.2 million. This project provides a second wastewater treatment plant with a 2.5 mgd Biological Nutrient Removal (BNR) process train and enhanced operational flexibility, with pump station functionality to divert flows between the two (2) wastewater treatment plants as needed to meet changing operational needs. The project provides for future community growth, meets the regulatory requirements for wet weather treatment and nutrient removal, and increases system reliability and resiliency in transporting and treating wastewater without negatively impacting the community or the environment.

## **Capital Improvement Plan**

The City's current 2020 capital improvement plan for the System includes approximately \$24.5 million of capital improvements through early 2020. The City currently expects to finance approximately \$19.8 million of this through the issuance of additional Parity Bonds, and approximately \$4.7 million of this will be paid with operating revenues of the System. The planned improvements are primarily related to maintaining the existing water and wastewater system along with an upgrade to advanced metering infrastructure for the water meter reading system.

## **Regulatory Matters**

The City is in compliance with both the Safe Water Drinking Act of 1996 and the Clean Water Act as amended by the Water Quality Act of 1990. Wastewater effluent meets or exceeds EPA standards. The City tests for, and is in compliance with, all parameters required by the Kansas Department of Health and Environment.

## **Customers**

### Sales

The following table shows System water sales by type of customer for the most recently completed calendar year (2019):

<u>Customer Category</u>	<u>Water Usage (Thousand Gallons)</u>	<u>Amount</u>
Residential	1,551,795.3	\$10,083,482.56
Multifamily	360,625.5	1,718,972.22
Commercial	552,104.3	3,182,813.68
Industrial	175,260.3	854,597.76
Wholesale	361,780.8	1,324,399.93
Total	3,198,143.0	\$ 18,125,623.85

### Historical Customers – Water

The following tables show the historic number of water customers served by the System for the years indicated, as well as the historical water sales volume by category.

<u>Year</u>	<u>Average Number of Water Service Connections</u>			
	<u>Residential</u>	<u>Multifamily</u>	<u>Other</u>	<u>Total</u>
2019	31,110	656	2,385	34,151
2018	30,851	632	2,391	33,874
2017*	30,477	677	2,393	33,547
2016	30,029	848	2,379	33,256
2015	29,988	798	2,366	33,152

\* In 2017, all residential properties that have two units or less were classified as Residential which resulted in a decrease in Multifamily.

<u>Year</u>	<u>Water Sales Volume (Thousand Gallons)</u>					
	<u>Residential</u>	<u>Multifamily</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
2019	1,551,795	360,625	552,104	371,837	361,780	3,198,143
2018	1,850,099	363,809	668,711	446,698	404,839	3,734,158
2017 <sup>(a)</sup>	1,690,929	362,423	714,637	390,578	356,486	3,515,053
2016	1,731,312	346,903	895,006	139,651	349,162	3,462,034
2015 <sup>(b)</sup>	1,668,516	322,837	907,480	159,482	338,862	3,407,177

<sup>(b)</sup> The differences in the Commercial and Industrial volume was due to a reclassification of reporting.

<sup>(b)</sup> The differences in the Commercial and Other volume was due to a reclassification of reporting for Kansas University.

### Historical Customers – Sewer

The following tables show the historic number of sewer customers served by the System for the years indicated, as well as the actual average daily treatment.

<u>Year</u>	<u>Service Connections</u>	<u>Actual Daily Average of Treatment (mdg)</u>
2019	33,358	12.3
2018	33,105	8.7
2017	32,791	10.3
2016	32,493	9.8
2015	32,395	10.0

### Largest Customers

The top ten water consumers during 2019 are as follows:

<u>Customer</u>	<u>Water Sales Volume</u>	<u>% of Total</u>	<u>Water Revenues</u>	<u>% of Total</u>
Kansas University	209,618,000	6.5%	\$1,035,577.32	5.25%
City of Baldwin	168,009,300	5.21	662,160.26	3.36
Rural Water District #5	54,331,500	1.76	215,111.01	1.09
Packer Plastics	42,778,500	1.33	212,878.28	1.08
Rural Water District #1	40,729,900	1.26	159,080.26	0.81
Rural Water District #4	32,857,600	1.02	132,629.24	0.67
Westar Energy	31,323,300	0.97	152,872.84	0.77
Lawrence Memorial Hospital	24,558,300	0.76	131,631.70	0.67
Rural Water District #2	24,429,100	0.76	97,315.74	0.49
ICL Specialty Products, Inc.	23,163,400	0.72	123,593.94	0.63

### Wholesale Contracts

The City has entered into wholesale contracts with the City of Baldwin, Kansas, and five other rural water districts in the State of Kansas for the sale of treated water. During 2019, the City of Baldwin, Kansas, comprised approximately 3.36% of the total water revenues and 5.21% of the total water sales volume of the System. The City's agreement with the City of Baldwin terminates in 2052. During 2019, Rural Water District #5 comprised approximately 1.09% of the total water revenues and 1.68% of the total water consumption of the System. The City's agreement with Rural Water District #5 may be terminated by either party at any time with 36 months' notice.

### **Rates and Charges**

#### General

All rates and charges related to the System are determined solely by the governing body of the City and are not subject to further regulatory approval. The governing body of the City annually reviews System rates and charges. The City completed a rate study to evaluate charges related to the System in consultation with Raftelis Financial Consultants. Before the most recent rate study, the last rate study was performed by a third-party in 2004, and was annually updated by City staff. The governing body of the City approved rate increases for 2019, effective November 15, 2018 are shown below.

#### Water Service Charges

Monthly volume charges for water service to water service customers, including residential units, institutions, business or industry served by a single water meter, except rural water districts and other municipalities, effective on and after November 15, 2018, are shown below:

Customer Class	Inside City	Outside City
	Effective as of November 15, 2018	Effective as of November 15, 2018
Residential	\$6.50/1,000 gal	\$7.15/1,000 gal
Multifamily	\$4.74/1,000 gal	\$5.95/1,000 gal
Commercial	\$5.58/1,000 gal	\$6.14/1,000 gal
Industrial	\$4.80/1,000 gal	\$5.28/1,000 gal
Irrigation	\$6.50/1,000 gal	\$7.15/1,000 gal

Monthly charges for water service to rural water districts and other municipalities are currently set at \$3.66/1,000 gallons effective as of November 15, 2018, or at such rates as contracted by the City.

Monthly water service charges per water meter, effective on and after November 15, 2018, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of November 15, 2018	Effective as of November 15, 2018
5/8	\$3.95	\$4.35
1	\$4.75	\$5.20
1 ½	\$5.45	\$5.95
2	\$7.55	\$8.30
3	\$21.65	\$24.90
4	\$28.15	\$31.00
6	\$41.90	\$46.10
8	\$56.25	\$61.90
10	\$73.90	\$81.30
12	\$86.00	\$94.60
15	\$114.70	\$126.15

#### Sewer Service Charges

For purposes of determining sewer charges for residential customers, a monthly average usage is computed based on the actual water usage for the billing periods falling in the months of December, January, and February. This average usage is used to calculate the monthly sewer charge for all subsequent months until a new average usage is calculated the following year. All nonresidential customers are charged based on monthly water use. The City considers applications, fully supported, for adjustments due to non-sewered water use.

Monthly volume charges for sewer service to wastewater customers, effective on and after November 15, 2018, are shown below:

Monthly Water Use	Inside City	Outside City
	Effective as of November 15, 2018	Effective as of November 15, 2018
Volume Charge	\$7.47/1,000 gal	\$9.72 /1,000 gal

Monthly sewer service charges per water meter, effective on and after November 15, 2018, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of November 15, 2018	Effective as of November 15, 2018
All Meter Sizes	\$13.40	\$14.75

Surcharges are applied if the biochemical oxygen demand (“BOD”) strength or total suspended solids (“TSS”) strength of wastewater exceeds certain levels. The surcharges, effective on and after January 1, 2019, are shown below:

Effective Date	Inside City Unit Charge for BOD in dollars per	Inside City Unit Charge for TSS in dollars per pound	Outside City Unit Charge for BOD in dollars	Outside City Unit Charge for TSS in dollars per
	<b>ICBOD</b>	<b>ICTSS</b>	<b>OCBOD</b>	<b>OCTSS</b>
January 1, 2019	\$0.9500	\$0.5973	\$1.0450	\$0.6570

### Historic Revenues and Expenses

The following table shows the revenues, expenses, and changes in net assets from the Water and Sewer Fund for the last five years. Water and sewage charges have shown steady growth during the period.

	2015	2016	2017	2018	2019
Revenues:					
Water and Sewer Charges	\$ 35,342,902	\$ 39,023,143	\$ 42,686,814	\$ 49,878,618	\$ 44,970,127
Other Revenues	<u>266,066</u>	<u>210,842</u>	<u>243,656</u>	<u>338,716</u>	<u>273,443</u>
Total Operating Revenues	<u>\$ 35,608,968</u>	<u>\$ 39,233,985</u>	<u>\$ 42,930,470</u>	<u>\$ 50,217,334</u>	<u>\$ 45,243,570</u>
Expenses:					
Administrative	\$ 5,295,449	\$ 4,652,769	\$ 4,722,002	\$ 5,551,977	\$ 7,712,967
Operation & Maintenance	14,342,540	16,845,348	17,816,926	18,044,829	22,653,061
Depreciation & Amortization	<u>6,665,565</u>	<u>7,096,578</u>	<u>7,554,469</u>	<u>8,980,757</u>	<u>9,595,747</u>
Total Operating Expenses	<u>\$ 26,303,554</u>	<u>\$ 28,594,695</u>	<u>\$ 30,093,397</u>	<u>\$ 32,577,563</u>	<u>\$ 39,961,775</u>
Non-Operating Revenues (Expenses):					
Gain (Loss) on Sale	\$ 600	\$ 50,135	\$ 7,045	\$ 54,504	\$ 29,329
Interest Income	219,238	452,399	688,945	902,225	1,625,853
Interest Expense	(5,692,257)	(5,859,380)	(7,268,743)	(6,173,524)	(5,802,462)
Transfers	(3,084,896)	(3,084,896)	(3,084,000)	(3,085,000)	(3,085,000)
Reimbursements	<u>416,156</u>	<u>263,610</u>	<u>573,898</u>	<u>406,556</u>	<u>343,541</u>
Total Non-Operating	<u>\$ (8,141,159)</u>	<u>\$ (8,178,132)</u>	<u>\$ (9,082,855)</u>	<u>\$ (7,895,239)</u>	<u>\$ (6,888,739)</u>
Net income	\$ 1,164,255	\$ 2,461,158	\$ 3,754,218	\$ 9,744,532	\$ (1,606,944)
Net Position January 1	144,620,209	139,322,828	141,783,986	145,612,712	153,876,521
Restatement	<u>(6,461,636)</u>	<u>-</u>	<u>74,508</u>	<u>(1,480,723)</u>	<u>(7,474,196)</u>
Net Position December 31	<u>\$ 139,322,828</u>	<u>\$ 141,783,986</u>	<u>\$ 145,612,712</u>	<u>\$ 153,876,521</u>	<u>\$ 144,795,381</u>

## Liquidity

The following table shows the days of unrestricted cash on hand to pay operating and maintenance and administrative expenses for each of the past five years.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Operating and Maintenance Expense	\$15,223,353	\$16,845,348	\$17,816,926	\$18,044,829	\$19,061,678
Administrative Expenses	<u>4,414,636</u>	<u>4,652,769</u>	<u>4,722,002</u>	<u>5,551,977</u>	<u>7,231,053</u>
Operating Expenses	\$19,637,989	\$21,498,117	\$22,538,928	\$23,596,806	\$26,292,731
Days	365	365	365	365	365
Daily Operating Expenses	\$ 53,803	\$ 58,899	\$ 61,750	\$ 64,649	\$72,035
Total Cash and Investments	\$20,057,848	\$27,771,134	\$18,387,806 <sup>(a)</sup>	\$6,657,487	\$20,692,717 <sup>(b)</sup>
Days of Cash for Daily Operating Expenses	373	472	298	103	287

(a) Subsequent to the publication of the City's 2017 Comprehensive Annual Financial Report it was determined that the cash amount of \$53,505,777 shown in the STATEMENT OF NET POSITION for the Water and Sewer Fund contained \$35,117,971 of restricted cash and investments. The cash position for purposes of showing days cash on hand above has been reduced by this amount.

(b) Unaudited.