

CITY OF LAWRENCE, KANSAS

Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2020

**Prepared by:
Department of Finance**

CITY OF LAWRENCE, KANSAS

Our Mission Statement

We create a community where all enjoy life and feel at home.

Organizational Values

Character
Competence
Courage
Collaboration
Commitment

Vision

The City of Lawrence—supporting an unmistakably vibrant community with innovative, equitable, transparent, and responsible local government.

Outcomes

To realize our Vision for Lawrence, we endeavor to achieve these important strategic outcomes. The outcomes represent what our City is "in business to do" and what we plan to accomplish for our community. While much of what the City has always done is foundational to these areas, we're now building plans that are targeted at achieving these outcomes with excellence.

Unmistakable Identity: Lawrence is a welcoming community, synonymous with arts, diverse culture, fun, and a quintessential downtown. City parks and community events contribute to the vibrancy experienced by all people in Lawrence.

Strong, Welcoming Neighborhoods: All people in Lawrence live in safe, functional, and aesthetically unique neighborhoods that provide opportunities to lead healthy lifestyles with access to safe and affordable housing and essential services that help them thrive.

Safe and Secure: Lawrence is a community where all people feel safe and secure and have access to trusted public and community-based safety resources.

Prosperity & Economic Security: The City of Lawrence fosters an environment that provides all people and businesses the opportunity for economic security and intentionally acknowledges, removes, and prevents barriers created by systemic and institutional injustice. Our community succeeds because of collective prosperity and a vibrant, sustainable local economy.

Connected City: The City of Lawrence has well-maintained, functional, and efficient infrastructure, facilities, and other assets. Connectivity supports accessible, sustainable methods for safely moving people and information throughout the community and the region. Investment in these assets reflects the City's commitment to contribute to the well-being of all people.

Commitments

The way we do our work is as important as what we do. The City will ensure we're following through on our five community outcomes with the below commitments to how our team will do our work. The community we create is reflected in the decisions that our employees will make every day.

Community Engagement:

Listen, share, and engage with our community to drive action and build trust in City government.

We invite and welcome all community members to collaborate and innovate with us. Through strong and equitable engagement with our community, we share and receive information about important city services and community life.

Efficient and Effective Processes:

Intentional and consistent delivery of city services.

We focus on process improvement by working collaboratively to understand needs, research, adapt and develop successful solutions. Trust-worthy processes are the foundation for the delivery of city services.

Equity and Inclusion:

Fair and impartial delivery of services so that no group is disadvantaged or burdened along with having inclusive representation and participation for all.

Inclusion and racial equity drive the culture of our organization and our community. When we intentionally prioritize race, it can no longer be used to predict life outcomes and outcomes are improved for all. We remove systemic barriers to reconcile historic injustices and their continued presence in our work.

Sound Fiscal Stewardship:

Efficient use and sustainable management of resources that align with community priorities.

We build and maintain public trust while using our resources to achieve high value. We provide transparent, easy access to relevant, accurate data for budgeting and decision making.

Engaged and Empowered Teams:

People throughout the organization are trusted, supported, and cared for as we build community.

We invest in and cultivate service to community, individual growth, team development, respect, and trust. Our very best is achieved by a diverse, engaged, collaborative, and innovative organizational culture.

Environmental Sustainability:

A deep respect for our place in relationship with the planet and environment.

We consider the environmental consequences of every decision, big and small, knowing that our actions have impacts beyond our boundaries. We protect and restore our ecosystem to make it healthier and more balanced for future generations.

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City of Lawrence

CITY COMMISSION

MAYOR

BRADLEY R. FINKELDEI

COMMISSIONERS

COURTNEY SHIPLEY

STUART BOLEY

LISA LARSEN

JENNIFER ANANDA, JD, MSW

CRAIG S. OWENS
CITY MANAGER

City Offices
PO Box 708 66044-0708
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6 East 6th St
785-832-3000
FAX 785-832-3405

June 30, 2021

Honorable Mayor, Members of the City Commission, and Citizens of the City of Lawrence, Kansas

The Finance Department is pleased to present the Annual Comprehensive Financial Report ("Annual Financial Report") of the City of Lawrence, Kansas (the "City") for the fiscal year ended December 31, 2020. 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 Annual Financial Report is complete and reliable in all material respects.

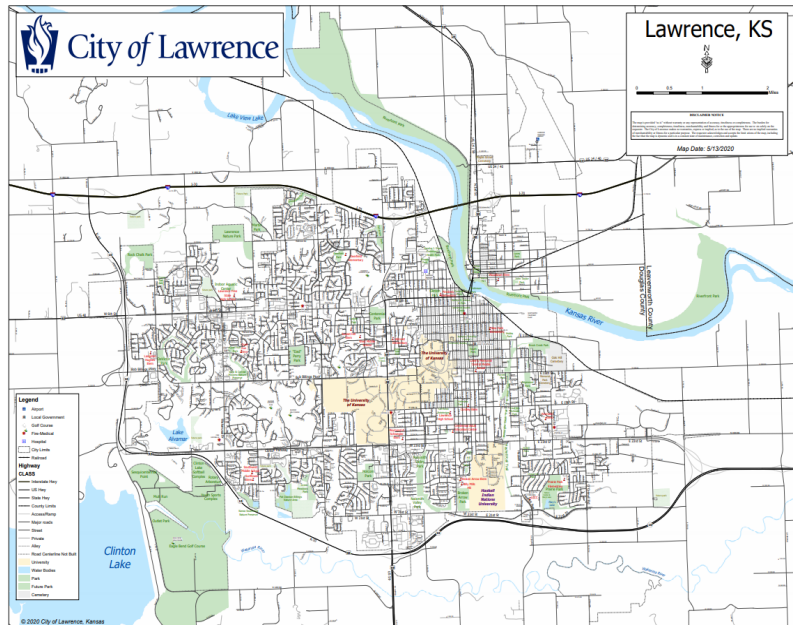
The City's financial statements have been audited by *RSM US LLP*. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2020, are free from material misstatements. An audit involves performing procedures to obtain 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, 2020, 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 103,351 as of December 31, 2020. 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 61% of the sales taxes generated in the City come from retail sales. About 15% comes from food and beverage stores, and about 9% comes from food service and drinking establishments. At the end of 2020, the City's unemployment rate was 3.9% compared to the 4.7% for the State of Kansas and the national rate of 6.7%.

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 2021-2025 CIP includes project costs totaling \$254.18 million. Of the \$60.12 million of funding for 2021, 90% 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.

Outcomes

The City Commission identified five (5) outcomes for the strategic plan. To realize our Vision for Lawrence, we endeavor to achieve these important strategic outcomes. The outcomes represent what our City is "in business to do" and what we plan to accomplish for our community. While much of what the City has always done is foundational to these areas, we're now building plans that are targeted at achieving these outcomes with excellence. For more information, please visit our budget document located at <https://lawrenceks.org/strategic-plan/>.

1. Unmistakable Identity: Lawrence is a welcoming community, synonymous with arts, diverse culture, fun, and a quintessential downtown. City parks and community events contribute to the vibrancy experienced by all people in Lawrence.
2. Strong, Welcoming Neighborhoods: All people in Lawrence live in safe, functional, and aesthetically unique neighborhoods that provide opportunities to lead healthy lifestyles with access to safe and affordable housing and essential services that help them thrive.
3. Safe and Secure: Lawrence is a community where all people feel safe and secure and have access to trusted public and community-based safety resources.
4. Prosperity & Economic Security: The City of Lawrence fosters an environment that provides all people and businesses the opportunity for economic security and intentionally acknowledges, removes, and prevents barriers created by systemic and institutional injustice. Our community succeeds because of collective prosperity and a vibrant, sustainable local economy.
5. Connected City: The City of Lawrence has well-maintained, functional, and efficient infrastructure, facilities, and other assets. Connectivity supports accessible, sustainable methods for safely moving people and information throughout the community and the region. Investment in these assets reflects the City's commitment to contribute to the well-being of all people.

The City Commission developed six (6) commitments to the strategic plan. The way we do our work is as important as what we do. The City will ensure we're following through on our five community outcomes with the below commitments to how our team will do our work. The community we create is reflected in the decisions that our employees will make every day.

1. Community Engagement: *Listen, share, and engage with our community to drive action and build trust in City government.*
2. Efficient and Effective Processes: *Intentional and consistent delivery of city services.*
3. Equity and Inclusion: *Fair and impartial delivery of services so that no group is disadvantaged or burdened along with having inclusive representation and participation for all.*
4. Sound Fiscal Stewardship: *Efficient use and sustainable management of resources that align with community priorities.*
5. Engaged and Empowered Teams: *People throughout the organization are trusted, supported, and cared for as we build community.*
6. Environmental Sustainability: *A deep respect for our place in relationship with the planet and environment.*

Awards and acknowledgements

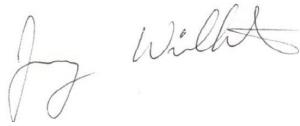
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lawrence for its Annual Report for the fiscal year ended December 31, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Report, whose contents conform to program standards. Such Annual Report 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 29 consecutive years. We believe our current Annual Report 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, Kristee Bowles, Susan Desch and Dean Postel, for their primary role in preparation of this Annual Report. 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 2020 financial records.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "J. Willmoth".

Jeremy Willmoth
Finance Director

A handwritten signature in cursive script, appearing to read "Jennifer Werth".

Jennifer Werth
Senior Accountant

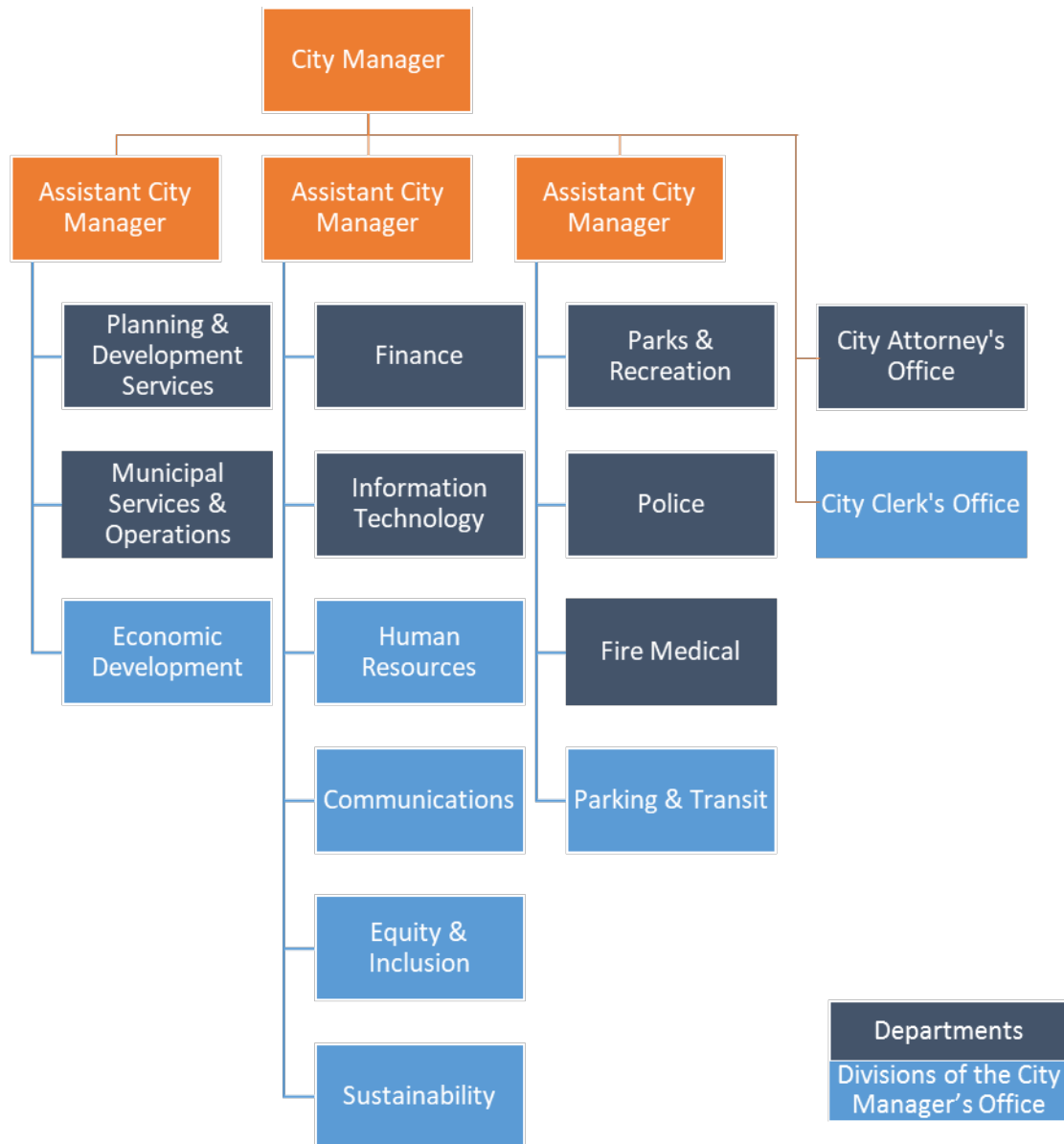
CITY OF LAWRENCE, KANSAS

List of Principal Officials
As of December 31, 2020

TITLE	NAME
Mayor	Brad Finkeldei
Vice Mayor	Courtney Shipley
Commission Member	Stuart Boley
Commission Member	Jennifer Ananda
Commission Member	Lisa Larsen
City Manager	Craig S. Owens
Assistant City Manager	Diane Stoddard
Assistant City Manager	Casey Toomay
Assistant City Manager	Brandon McGuire
City Clerk	Sherri Riedemann
City Attorney	Toni Wheeler
Finance Director	Jeremy Willmoth
Fire Chief	Shaun Coffey
Information Technology Director	Michael Aldridge (Interim)
Municipal Services and Operations Director	Dave Wagner
Parks and Recreation Director	Derek Rogers
Planning and Development Services Director	Jeff Crick
Police Chief	Anthony Brixius (Interim)

City of Lawrence, Kansas

**Organizational Chart
December 31, 2020**





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, 2019

Christopher P. Morrell

Executive Director/CEO

Independent Auditor's Report

RSM US LLP

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, 2020, 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)(the Hospital includes discretely presented component units; the Lawrence Memorial Hospital Endowment Association (the Endowment) and the Lawrence Surgery Center, LLC (the Surgery Center)) 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 0.48% of total assets and 0.73% of total revenues of the aggregate remaining fund information and represent 0.09% of total assets and 0.43% 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, 2020, 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

During the year ended December 31, 2020, the Hospital reporting entity changed to include the Surgery Center as a discretely presented component unit of the Hospital. Therefore, the City's reporting entity has also changed to include the Surgery Center as a discretely presented component unit. Our opinions are not modified with respect to this matter.

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
June 30, 2021

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

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, 2020, as a part of the overall Annual Comprehensive Financial Report (Annual Report). This overview compares the fiscal year ended December 31, 2020, with the fiscal year ended December 31, 2019. 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 2020 by \$421 million. This is our total net position. Of this amount, \$26 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 \$28 thousand. Changes to net position include:
- Cash in the Governmental Funds decreasing \$11.6 million, while cash in the business-type funds increased \$22.6 million. Other governmental current assets (e.g., receivables, prepayments, inventory, etc.) increased \$1.3 million while these same assets in the business-type activities increased \$2.5 million.
 - Governmental capital assets (net of depreciation) decreased \$2.0 million. Business-type capital assets (net of depreciation) increased \$10.5 million.
 - Governmental deferred outflow of resources (e.g., Pension/OPEB related amounts) increased \$8.2 million. Business-type deferred outflow of resources increased \$1.85 million.
 - Governmental long-term liabilities decreased \$23 million primarily due to the issuance of new temporary notes that increased current liabilities. Business-type activities decreased by \$10.4 million primarily due to the retirement of long-term debt.
 - Governmental deferred inflows of resources increased by \$730 thousand. Business-type activities decreased by \$134 thousand.
- As of December 31, 2020, the City's governmental activities reported total net position of \$223.7 million, a decrease of \$17 million in comparison with the prior year. This was primarily due to decreases in investments of capital assets of \$12 million, decreases in restrictions for capital projects of \$8.5 million, and an increase in restrictions for debt service of \$1.46 million.
- As of December 31, 2020, the City's business-type activities reported combined total net position of \$197 million, an increase of \$16.9 million in comparison with the prior year. This was primarily due to increases in investments of capital assets of \$20.6 million, a decrease in restrictions for debt service of \$6.2 million, and an increase in unrestricted net position of \$2.4 million.
- At December 31, 2020, the fund balance for the general fund was \$25 million or 34.05% of expenditures.
- The City's total debt, including temporary notes decreased by \$15.6 million to a total of \$316 million. There were reductions in all categories of debt with the largest reduction due to payments of revenue bonds in the Enterprise Funds.

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.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

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 six *component units*. The Lawrence Public Library, Lawrence Housing Authority, Lawrence Memorial Hospital Endowment Association, Lawrence Surgery Center, LLC 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 the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term 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 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 80-114 of this report.

Budgets were adopted by the governing body for 2020 operations for the general fund plus 18 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.

CITY OF LAWRENCE, KANSAS

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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 shared administrative costs, 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 115-124 of this report.

Notes to the financial statements

The notes to the basic financial statements begin on page 29. 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 75-79 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, 2020. The City's net position increased by \$28 thousand. Governmental activities decreased net position by \$17 million while business-type activities increased net position by \$16.9 million in 2020. 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.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

Table 1. City of Lawrence's Net Position, Year Ended December 31, 2020, and December 31, 2019 (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government Total	
	2020	2019	2020	2019	2020	2019
Current and other Assets	\$ 179,249	\$ 187,367	\$ 99,571	\$ 103,534	\$ 278,820	\$ 290,902
Capital assets, net of depreciation	309,931	311,974	308,730	298,488	618,661	610,462
Total assets	489,180	499,341	408,301	402,022	897,481	901,363
Deferred outflows of resources	20,861	12,683	4,141	2,293	25,002	14,975
Total assets and deferred outflows of resources	510,041	512,024	412,442	404,315	922,483	916,339
Long-term liabilities						
Current	70,185	33,126	19,267	17,454	89,452	50,579
Non-current	174,314	197,241	195,060	205,484	369,374	402,725
Total liabilities	244,499	230,367	214,327	222,937	458,826	453,305
Deferred inflows of resources	41,816	41,086	841	975	42,657	42,061
Total liabilities and deferred inflows of resources	286,315	271,453	215,168	223,913	501,483	495,366
Net Position						
Net investment in capital assets	198,874	211,012	138,767	119,110	337,641	330,123
Restricted	49,519	29,368	8,203	7,483	57,722	36,851
Unrestricted (deficit)	(24,667)	190	50,304	53,808	25,637	53,999
Total Net Position	\$ 223,726	\$ 240,571	\$ 197,274	\$ 180,402	\$ 421,000	\$ 420,973

The largest portion of the City's net position, \$338 million (80.84%) 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.

A portion of the City's net position, \$57.8 million (13.7%), represents resources that are subject to external restrictions on how they may be used. This increased \$21 million compared to the prior year.

The remaining balance of the net position of \$25.6 million (6.1%; (\$24.7 million) deficit governmental activities and \$50.3 million business-type activities) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

Table 2. City of Lawrence's Changes in Net Position, Year Ended December 31, 2020, and December 31, 2019 (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 14,203	\$ 18,424	\$ 68,895	\$ 66,317	\$ 83,098	\$ 84,742
Operating grants and contributions	10,619	5,676	-	-	10,619	5,676
Capital grants and contributions	5,188	2,178	-	-	5,188	2,178
General revenues:						
Property taxes	43,182	38,054	-	-	43,182	38,054
Other taxes	52,188	56,336	-	-	52,188	56,336
Investment Income	1,194	2,939	1,221	2,224	2,415	5,163
Other	2,584	3,217	1,000	820	3,584	4,037
Total Revenues	<u>129,158</u>	<u>126,824</u>	<u>71,116</u>	<u>69,362</u>	<u>200,274</u>	<u>196,185</u>
Expenses:						
General government	28,182	28,631	-	-	28,182	28,631
Public safety	54,948	51,934	-	-	54,948	51,934
Public works	25,026	20,326	-	-	25,026	20,326
Health and social services	4,338	2,680	-	-	4,338	2,680
Culture and recreation	13,229	13,859	-	-	13,229	13,859
Economic development & tourism	3,897	3,721	-	-	3,897	3,721
Interest on long-term debt	5,359	3,442	-	-	5,359	3,442
Water and Sewer	-	-	45,806	45,764	45,806	45,764
Sanitation	-	-	13,762	12,440	13,762	12,440
Nonmajor business-type activities	-	-	5,699	4,031	5,699	4,031
Total expenses	<u>134,979</u>	<u>124,594</u>	<u>65,268</u>	<u>62,235</u>	<u>200,247</u>	<u>186,829</u>
Change in Net Position before transfers	<u>(5,821)</u>	<u>2,229</u>	<u>5,848</u>	<u>7,127</u>	<u>27</u>	<u>9,356</u>
Transfers in(out)	<u>(11,024)</u>	<u>3,787</u>	<u>11,024</u>	<u>(3,787)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(16,845)</u>	<u>6,017</u>	<u>16,872</u>	<u>3,339</u>	<u>27</u>	<u>9,356</u>
Net position, beginning of year, restated	<u>240,571</u>	<u>234,554</u>	<u>180,402</u>	<u>177,063</u>	<u>420,973</u>	<u>411,617</u>
Net position, end of year	<u>\$ 223,726</u>	<u>\$ 240,571</u>	<u>\$ 197,274</u>	<u>\$ 180,402</u>	<u>\$ 421,000</u>	<u>\$ 420,973</u>

Revenue for the City in fiscal year 2020 totaled approximately \$200 million, a \$4 million (2.08%) increase when compared to the year 2019. Charges for Services decreased \$1.6 million or 1.94% for the primary government. Governmental Activities decreased \$4.2 million or -22.91% which is due mainly to the shutdown of recreational activities due to the COVID-19 pandemic. Business-type Activities increased \$2.58 million or 3.89% which is due mainly to increases in water and sewer user fees. The increase in operating grants of \$4.9 million or 87.09%, is primarily the result of COVID-19 related grants. Governmental activities capital grants and contributions increased \$3.01 million or 138.24%, due mainly to FAA funding for runway projects at the airport. Property taxes during fiscal year 2020 increased by \$5.1 million or 13.48%, due mainly to increases in assessed valuation and special assessment adjustments. Other taxes decreased \$4.1 million or -7.36%, driven primarily by sales tax reductions due to businesses closing caused by the COVID-19 pandemic.

CITY OF LAWRENCE, KANSAS

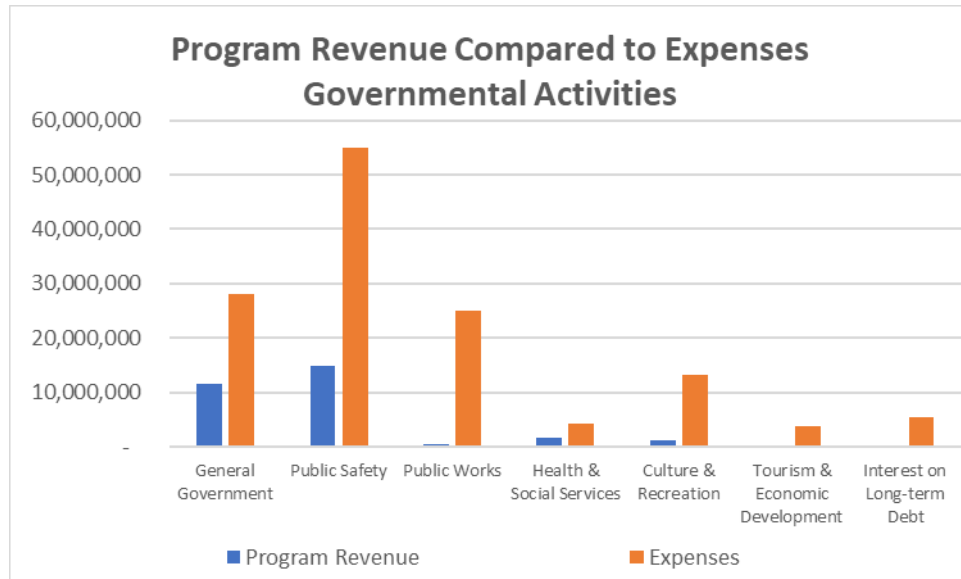
Management's Discussion and Analysis (Unaudited) December 31, 2020

Total expenses for the City were \$200.2 million in fiscal year 2020, an increase of \$13.4 million or 7.18%. Total expenses for governmental activities, excluding transfers increased by \$10.4 million or 8.33% year-over-year. Primarily for expenditures in Public Safety, Public Works, Health and Social Services, and interest on long-term debt. Public Safety increases were predominately caused by increases in salaries and benefits, and the creation of the internal service fund to better share administrative costs with all functions of the government. Public Works increases were primarily due to increases in salaries and benefits, CARES Act Funding, and the Capital Improvement Plan expenses. Health and Social Services increases were primarily due to increased funding for homeless hotel program, increased expenditures in the Housing Trust Fund, and increases in the federal grants to assist with the impact of COVID-19. Expenses for business-type activities increased by \$3 million or 2.43%. Increases were primarily due to increases in salaries and benefits, and the creation of the internal service fund to better share administrative costs with all functions of the government, and maintenance expenses in the stormwater fund.

Governmental activities

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

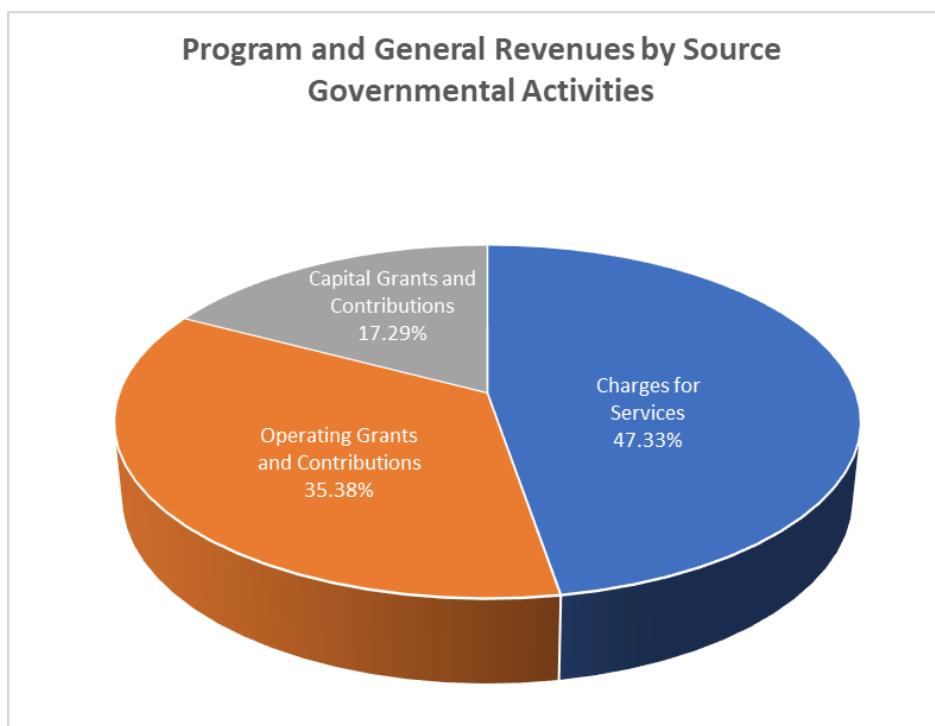
Figure 1. Program Revenues Compared to Expenses, Year Ended December 31, 2020:



CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

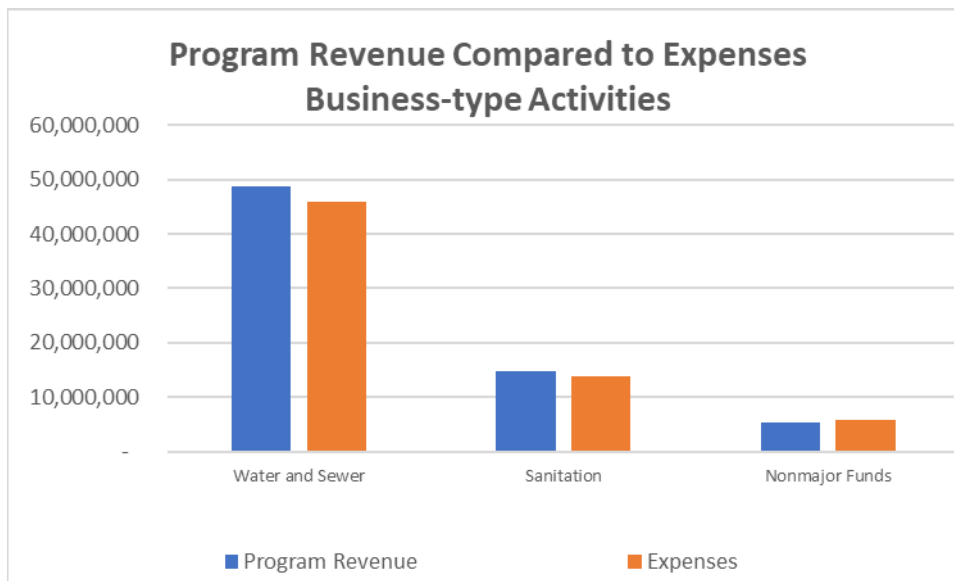
Figure 2. Program Revenues for Governmental Activities, Year Ended December 31, 2020:



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, 2020:



CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

Figure 4. Program Revenues for Business-type Activities, Year Ended December 31, 2020:

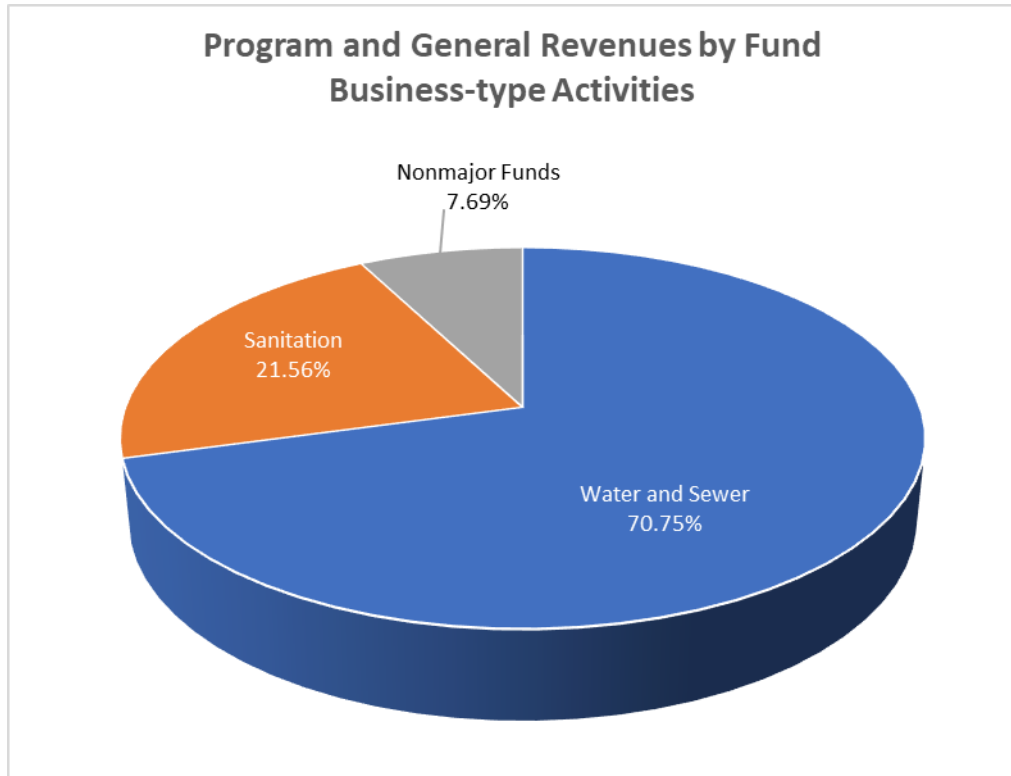


Table 3. Water/Wastewater Utility Revenues and Expenses, Year Ended December 31, 2020, and December 31, 2019 (in thousands):

	Year Ended December 31		
	2020	2019	Change
REVENUES			
Total operating revenues	\$ 48,496	\$ 45,244	\$ 3,252
Non-operating revenues, net	1,079	1,999	(920)
Total Revenues	49,575	47,242	2,333
EXPENSES			
Total operating expenses	39,786	39,962	(176)
non-operating expenses			
Interest expense	6,009	5,802	207
Other expenses	11	-	11
Total expenses	45,806	45,764	42
Income before Transfers	3,769	1,478	2,291
Transfers, net	(3,199)	(3,085)	(114)
Capital Contribution	13,056	-	13,056
Change in Net Position	13,626	(1,607)	15,233
Net Position, Beginning of Period	144,795	146,402	
Net Position, End of Period	\$ 158,421	\$ 144,795	

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

Total revenues for the year ended December 31, 2020, increased \$2.3 million or 4.94%, compared to the prior year. Total operating revenues which primarily consist of water/wastewater fees, increased by \$3.3 million or 7.19%. The increase is due to a dryer summer in 2020 than the prior year. Non-operating revenue decreased by \$920 thousand or 46.01%, which was primarily due to decreases in investment income.

Total expenses increased \$42 thousand or 0.09% when compared to the prior year. Total operating revenues less operating expenses, or operating margin was \$8.7 million for fiscal year 2020, an increase of \$3.4 million or 64.90% compared to the prior year.

Table 4. Solid Waste Utility Revenues and Expenses, Year Ended December 31, 2020, and December 31, 2019 (in thousands):

	Year Ended December 31		Change
	2020	2019	
REVENUES			
Total operating revenues	\$ 14,539	\$ 14,197	\$ 342
Non-operating revenues, net	831	800	31
Total Revenues	15,370	14,997	373
EXPENSES			
Total operating expenses	13,490	12,411	1,079
non-operating expenses			
Interest expense	41	28	13
Other expenses	231	-	231
Total expenses	13,762	12,439	1,323
Income before Transfers	1,608	2,558	(950)
Transfers, net	(807)	(317)	(490)
Change in Net Position	801	2,241	(1,440)
Net Position, Beginning of Period	13,746	11,505	
Net Position, End of Period	\$ 14,547	\$ 13,746	

Total revenues for the year ended December 31, 2020, increased \$373 thousand or 2.49%, compared to the prior year. Total operating revenues which primarily consist of solid waste fees, increased by \$342 thousand or 2.41%. Non-operating revenue increased by \$31 thousand or 3.85%, which was primarily due to increases in investment income.

Total expenses increased \$1.3 million or 10.63% when compared to the prior year. The primary reason for the increase was due to increases in salaries and benefits, and the creation of the internal service fund to better share administrative costs with all functions of the government. Total operating revenues less operating expenses, or operating margin was \$1 million for fiscal year 2020, a decrease of \$736 thousand or -41.23% compared to the prior year.

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.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

As of December 31, 2020, the City's governmental funds reported combined ending fund balances of \$92.51 million, a decrease of \$18.04 million or -16.32%. The decrease was primarily due to \$16.8 million reduction in cash and investments mostly because of temporary note proceeds being spent on capital projects.

The general fund is the chief operating fund of the City. During 2020, the fund balance of the general fund decreased \$1.98 million or -7.34% to \$25.02 million. The decrease in fund balance was primarily due to increases in expenses. The revenues decreased by \$838 thousand (1.17%). Taxes increased by \$59 thousand (0.10%) with property taxes increasing \$1 million due to increases in assessed valuation, sales taxes decreasing \$462 thousand, and franchise fees decreasing \$522 thousand. Licenses and permit fees decreased \$96 thousand (-6.08%), fines and forfeitures decreased \$877 thousand (-47.62%), charges for services increased by \$530 thousand (6.54%), interest decreased by \$181 thousand (-28.74%), intergovernmental decreased by \$233 thousand (-25.51%) and miscellaneous decreased by \$40 thousand. Most all the declines in revenue can be attributed to the effects of the COVID-19 pandemic.

Expenditures increased by \$5.9 million (8.60%). Public Safety increased by \$3.5 million (7.94%) and is the main reason for the increase. The increases in Public Safety were predominately caused by increases in salaries and benefits, and the creation of the internal service fund to better share administrative costs with all functions of the government.

The debt service fund has a total fund balance of \$13.96 million, all of which is restricted for debt service. The net increase in fund balance during the current year was \$1.5 million. The primary source of revenue for the debt service fund is property taxes currently at 9.321 mills.

The capital projects fund has a total fund balance of \$14.96 million, all of which is restricted for capital projects. The net decrease in fund balance during the current year was \$16.35 million. The primary source of revenue for the capital projects fund is general obligation debt. The debt issued in 2020 was \$13.13 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 2020 was \$30 million. The increase in net position for the Water and Sewer Fund was \$13.6 million. The unrestricted net position of the Sanitation Fund at the end of 2020 was \$9.8 million. The increase in net position for the Sanitation Fund was \$801 thousand. 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, 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 \$70.7 million, \$600 thousand or 0.86% more than the final budget of \$70.1 million. The final revenue budget does not include prior year fund balance. Current year property taxes were \$23.4 million, which was \$120 thousand or -0.51% less than budget. Current year sales taxes were \$27.4 million, which was \$1.7 million or 6.53% more than budget. Current year Franchise Fees were \$6.9 million, which was \$692 thousand or -9.12% less than budget. Current year Charges for Services were \$8.6 million, which was \$676 thousand or 8.48% more than budget.

Total 2020 General Fund expenditures on a budgetary basis were \$73.46 million, which was \$2.69 million or -3.54% less than the final budgeted expenditures.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

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	
	2020	2019	2020	2019	2020	2019
Land	\$ 16,651	\$ 16,435	\$ 6,984	\$ 6,984	\$ 23,635	\$ 23,418
Land improvements	27,706	31,337	121,707	214,592	149,412	245,929
Buildings & Improvements	80,537	58,756	53,150	55,406	133,688	114,162
Other property and equipment	13,557	12,717	18,318	15,366	31,876	28,083
Infrastructure	165,675	166,335	106,460	-	272,135	166,335
Construction in progress	5,805	26,394	2,111	6,140	7,916	32,535
Total	<u>\$ 309,931</u>	<u>\$ 311,974</u>	<u>\$ 308,730</u>	<u>\$ 298,488</u>	<u>\$ 618,661</u>	<u>\$ 610,462</u>

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, totaled \$309.93 million, and \$308.73 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 investment in capital assets for the year ended December 31, 2020, was \$619 million.

During the year, staff focused on cleaning up our capital assets. This clean up resulted in removals of assets no longer owned and transfers to business-type activities.

Highlights of capital asset activity during the year ended December 31, 2020 included the following major additions:

- Reconstruct runway 15-33
- Police headquarters
- Automated water meter project began
- Kasold – Clinton Parkway to the HyVee entrance reconstruction

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:

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2020

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 83,320	\$ 84,878	\$ 4,965	\$ 8,530	\$ 88,285	\$ 93,408
Premium on bonds	4,549	2,348	291	484	4,840	2,832
Notes payable	40,070	43,625	-	-	40,070	43,625
Premium on notes	159	424	-	-	159	424
Water/Wastewater Revenue Bonds	-	-	167,100	174,660	167,100	174,660
Premium on bonds	-	-	15,592	16,675	15,592	16,675
Capital Lease	836	991	-	-	836	991
Compensated Absences	8,193	7,663	2,236	2,300	10,429	9,963
Net pension liability	72,246	59,010	11,848	9,689	84,094	68,699
Net OPEB liability	13,561	13,259	5,659	5,492	19,220	18,751
Total	<u>\$ 222,934</u>	<u>\$ 212,198</u>	<u>\$ 207,691</u>	<u>\$ 217,831</u>	<u>\$ 430,625</u>	<u>\$ 430,029</u>

Long-term debt

As of December 31, 2020, the City's long-term debt reflected a net increase of \$596.7 thousand or 0.14%. General obligation debt decreased by \$3.1 million or -3.24%. The Revenue bonded debt decreased by \$8.6 million or -4.52%. Temporary notes decreased by \$3.8 million or -8.67%. Government-wide capital lease obligations decreased by \$155 thousand or -15.68%. Compensated Absences increased by \$466 thousand or 4.68%. Net pension liability increased by \$15.4 million or 22.41%. Net OPEB liability increased by \$469 thousand or 2.50%.

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, 2020, the debt limitation for the City of Lawrence was \$341 million. The City's general obligation debt as of December 31, 2020, was \$128 million. This is only 37.61% of the maximum allowed under statutes. More information on debt may be found in the statistical section of this Annual Report 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.

City of Lawrence, Kansas

Statement of Net Position
December 31, 2020

	Primary Government			
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Component Units
Assets and deferred outflows of resources				
Assets				
Current assets:				
Cash and investments	\$ 115,751,034	\$ 51,867,069	\$ 167,618,103	\$ 101,902,207
Receivables (net of allowance for uncollectibles):				
Accounts	3,320,044	10,472,750	13,792,794	43,693,689
Taxes	45,026,742	-	45,026,742	-
Special assessments	12,961,194	-	12,961,194	-
Intergovernmental	4,034,105	-	4,034,105	-
Franchise fees	590,525	-	590,525	-
Loans	717,842	-	717,842	-
Accrued interest	390,208	425,840	816,048	-
Internal balances	(4,991,099)	4,991,099	-	-
Inventories	414,070	3,197,826	3,611,896	5,817,800
Due from other entities	-	-	-	1,206,371
Prepaid	938,341	702,646	1,640,987	10,435,662
Other assets	96,457	-	96,457	937,555
Restricted cash	-	-	-	2,951,718
Total current assets	179,249,463	71,657,230	250,906,693	166,945,002
Noncurrent assets:				
Restricted cash and investments	-	27,692,944	27,692,944	31,309,420
Investments	-	-	-	13,210,000
Receivables (net of allowance for uncollectibles)	-	-	-	506,259
Land held for resale	-	221,022	221,022	-
Capital assets, nondepreciable				
Land	16,650,937	6,984,191	23,635,128	13,757,032
Construction in progress	5,804,966	2,110,639	7,915,605	9,788,902
Capital assets, depreciable	484,229,906	469,686,182	953,916,088	396,451,150
Less: accumulated depreciation	(196,754,708)	(170,051,015)	(366,805,723)	(158,576,127)
Total noncurrent assets	309,931,101	336,643,963	646,575,064	306,446,636
Total assets	489,180,564	408,301,193	897,481,757	473,391,638
Deferred outflows of resources:				
Pension related amounts	18,514,733	3,162,258	21,676,991	1,165,063
OPEB related amounts	2,346,178	979,174	3,325,352	30,138
Total deferred outflows of resources	20,860,911	4,141,432	25,002,343	1,195,201
Total assets and deferred outflows of resources	510,041,475	412,442,625	922,484,100	474,586,839
Liabilities and deferred inflows of resources				
Liabilities:				
Current liabilities:				
Accounts payable	12,324,791	4,199,312	16,524,103	11,681,817
Accrued payroll	1,873,162	572,919	2,446,081	19,278,307
Interest payable	584,017	584,017	1,168,034	1,862,406
Meter deposits payable	-	1,280,176	1,280,176	-
Due to other entities	-	-	-	7,517,290
Unearned revenue	4,694,331	-	4,694,331	433,895
Other liabilities	155,625	-	155,625	1,602,590
Current portion of compensated absences payable	3,686,846	1,006,135	4,692,981	116,995
Current portion of revenue bonds payable	-	7,915,000	7,915,000	2,248,230
Current portion of temporary notes payable	40,228,620	-	40,228,620	-
Current portion of general obligation bonds payable	6,504,000	3,710,000	10,214,000	-
Current portion of capital lease payable	133,278	-	133,278	-
Current portion of other long-term liabilities	-	-	-	722,274
Total current liabilities	70,184,670	19,267,559	89,452,229	45,463,804
Noncurrent liabilities:				
Compensated absences payable	4,506,148	1,229,710	5,735,858	324,132
Total OPEB liability	13,560,580	5,659,488	19,220,068	166,108
Net pension liability	72,245,672	11,848,302	84,093,974	4,234,293
Claims payable	1,934,640	-	1,934,640	-
General obligation bonds payable	81,364,554	1,546,052	82,910,606	-
Revenue bonds payable	-	174,776,558	174,776,558	95,243,568
Capital lease payable	702,678	-	702,678	-
Other long-term liabilities	-	-	-	25,227,213
Total noncurrent liabilities	174,314,272	195,060,110	369,374,382	125,195,314
Total liabilities	244,498,942	214,327,669	458,826,611	170,659,118
Deferred inflows of resources:				
Property and vehicle taxes	37,613,474	-	37,613,474	-
Pension related amounts	3,615,454	595,874	4,211,328	136,081
OPEB related amounts	587,075	245,014	832,089	35,449
Total deferred inflows of resources	41,816,003	840,888	42,656,891	171,530
Total liabilities and deferred inflows of resources	286,314,945	215,168,557	501,483,502	170,830,648
Net position				
Net investment in capital assets	198,873,906	138,766,846	337,640,752	170,529,940
Restricted for:				
Debt service	13,955,094	8,052,016	22,007,110	647,668
Capital improvements	33,591,962	151,267	33,743,229	1,237,825
Other purposes	1,971,544	-	1,971,544	7,009,805
Unrestricted	(24,665,976)	50,303,939	25,637,963	124,330,953
Total net position	\$ 223,726,530	\$ 197,274,068	\$ 421,000,598	\$ 303,756,191

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

City of Lawrence, Kansas

Statement of Activities
Year Ended December 31, 2020

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Primary Government			Primary Government			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total	
Governmental activities								
General government	\$ 28,182,086	\$ 3,901,660	\$ 7,226,097	\$ 443,107	\$ (16,611,222)	\$ -	\$ (16,611,222)	\$ -
Public safety	54,948,346	8,475,018	1,892,471	4,613,395	(39,967,462)	-	(39,967,462)	-
Public works	25,026,316	338,758	-	131,260	(24,556,298)	-	(24,556,298)	-
Health	1,310,804	170,492	-	-	(1,140,312)	-	(1,140,312)	-
Social services	3,026,146	14,700	1,499,992	-	(1,511,454)	-	(1,511,454)	-
Culture and recreation	13,229,403	1,260,537	-	-	(11,968,866)	-	(11,968,866)	-
Tourism	1,666,240	6,709	-	-	(1,659,531)	-	(1,659,531)	-
Economic development	2,230,139	34,929	-	-	(2,195,210)	-	(2,195,210)	-
Interest on long-term debt	5,359,042	-	-	-	(5,359,042)	-	(5,359,042)	-
Total governmental activities	134,978,522	14,202,803	10,618,560	5,187,762	(104,969,397)	-	(104,969,397)	-
Business-type activities								
Water and sewer	45,806,311	48,739,971	-	-	-	2,933,660	2,933,660	-
Sanitation	13,762,428	14,854,780	-	-	-	1,092,352	1,092,352	-
Stormwater	3,671,022	3,840,429	-	-	-	169,407	169,407	-
Public parking	1,079,590	666,749	-	-	-	(412,841)	(412,841)	-
Golf course	948,732	792,583	-	-	-	(156,149)	(156,149)	-
Total business-type activities	65,268,083	68,894,512	-	-	-	3,626,429	3,626,429	-
Total primary government	200,246,605	83,097,315	10,618,560	5,187,762	(104,969,397)	3,626,429	(101,342,968)	-
Component units								
Lawrence-Douglas County Housing Authority	10,332,919	1,827,278	9,224,968	1,118,874	-	-	-	1,838,201
Lawrence Memorial Hospital	298,653,947	281,917,363	19,993,036	3,219,668	-	-	-	6,476,120
Lawrence Memorial Hospital Endowment Association	4,555,315	-	3,268,324	-	-	-	-	(1,286,991)
Lawrence Surgery Center, LLC	6,955,190	6,377,253	-	-	-	-	-	(577,937)
Lawrence Public Library	5,249,747	24,020	5,329,968	-	-	-	-	104,241
Total component units	325,747,118	290,145,914	37,816,296	4,338,542	-	-	-	6,553,634
General Revenues								
Property and vehicle tax					43,183,352	-	43,183,352	-
Sales, liquor, guest and gas tax					45,294,649	-	45,294,649	-
Franchise tax					6,893,125	-	6,893,125	-
Unrestricted grants and contributions					12,601	-	12,601	-
Interest income					1,181,470	1,221,162	2,402,632	1,915,588
Miscellaneous					2,584,048	1,000,427	3,584,475	54,425
Transfers, net					(11,023,981)	11,023,981	-	-
Subtotal general revenues and transfers					88,125,264	13,245,570	101,370,834	1,970,013
Change in net position					(16,844,133)	16,871,999	27,866	8,523,647
Net position - beginning, as restated					240,570,663	180,402,069	420,972,732	295,232,544
Net position - ending					\$ 223,726,530	\$ 197,274,068	\$ 421,000,598	\$ 303,756,191

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

City of Lawrence, Kansas

**Balance Sheet
Governmental Funds
December 31, 2020**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 22,883,080	\$ 14,947,610	\$ 17,370,895	\$ 36,394,848	\$ 91,596,433
Receivables:					
Taxes	27,966,268	10,590,211	-	6,470,263	45,026,742
Special assessments	-	12,961,194	-	-	12,961,194
Intergovernmental	11,996	-	-	4,022,109	4,034,105
Accounts (net allowance for uncollectibles)	3,022,984	-	-	230,127	3,253,111
Franchise fees	590,525	-	-	-	590,525
Loans	302,804	8,424	-	406,614	717,842
Accrued interest	91,880	31,315	63,212	131,094	317,501
Due from other funds	1,541,509	-	-	-	1,541,509
Prepaid	387,173	-	-	177,999	565,172
Inventories	40,565	-	-	-	40,565
Other assets	-	-	-	96,457	96,457
Restricted assets					
Cash and investments	111,479	-	505,039	2,735,927	3,352,445
Total assets	\$ 56,950,263	\$ 38,538,754	\$ 17,939,146	\$ 50,665,438	\$ 164,093,601
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 3,974,096	\$ 2,856	\$ 2,983,675	\$ 4,668,353	\$ 11,628,980
Accrued payroll	1,710,777	-	-	33,443	1,744,220
Customer deposits	-	-	-	5,725	5,725
Due to other funds	-	-	-	1,541,509	1,541,509
Unearned revenue	2,952,653	1,029,400	-	712,278	4,694,331
Other liabilities	-	-	-	149,900	149,900
Total liabilities	8,637,526	1,032,256	2,983,675	7,111,208	19,764,665
Deferred inflows of resources,					
Unavailable revenue	23,295,556	23,551,404	-	4,972,658	51,819,618
Total liabilities and deferred inflows of resources	31,933,082	24,583,660	2,983,675	12,083,866	71,584,283
Fund balance:					
Nonspendable	427,738	-	-	177,999	605,737
Restricted	-	13,955,094	14,955,471	38,483,970	67,394,535
Assigned	1,292,014	-	-	-	1,292,014
Unassigned	23,297,429	-	-	(80,397)	23,217,032
Total fund balances	25,017,181	13,955,094	14,955,471	38,581,572	92,509,318
Total liabilities, deferred inflows of resources and fund balances	\$ 56,950,263	\$ 38,538,754	\$ 17,939,146	\$ 50,665,438	\$ 164,093,601

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 the Net Position of Governmental Activities
December 31, 2020**

Total governmental fund balances		\$ 92,509,318
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	505,665,753	
Accumulated depreciation	<u>(195,897,114)</u>	309,768,639
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.		
		10,296,761
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		17,718,904
Deferred outflows of resources - OPEB		2,158,024
Deferred inflows of resources - pension		(3,465,493)
Deferred inflows of resources - OPEB		(539,993)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		14,206,144
The following liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences	(7,671,684)	
Total OPEB liability	(12,473,071)	
Net pension liability	(69,263,872)	
General obligation bonds payable	(87,868,554)	
Temporary note	(40,228,620)	
Capital lease payable	(835,956)	
Accrued interest on the bonds	<u>(584,017)</u>	<u>(218,925,774)</u>
Net position of governmental activities		<u>\$ 223,726,530</u>

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, 2020**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 57,771,030	\$ 11,005,554	\$ -	\$ 19,506,998	\$ 88,283,582
Special assessments	-	1,259,163	-	-	1,259,163
Licenses and permits	1,489,221	-	-	-	1,489,221
Charges for services	8,646,933	-	-	1,242,785	9,889,718
Fines, forfeitures and penalties	964,989	-	-	28,397	993,386
Interest	447,695	162,695	-	617,387	1,227,777
Intergovernmental	681,468	-	343,107	19,914,607	20,939,182
Reimbursements	332,482	-	2,951	568,904	904,337
Contributions	-	100,000	-	-	100,000
Miscellaneous	317,157	142,659	-	820,540	1,280,356
Total revenues	70,650,975	12,670,071	346,058	42,699,618	126,366,722
Expenditures:					
Current expenditures:					
General government	11,356,432	-	1,119,931	13,692,426	26,168,789
Public safety	48,732,744	-	40,447	1,932,722	50,705,913
Public works	7,724,689	-	334,096	8,241,202	16,299,987
Health	1,099,711	-	-	209,624	1,309,335
Social services	-	-	-	2,782,826	2,782,826
Culture and recreation	4,776,977	-	-	6,015,896	10,792,873
Tourism	-	-	-	1,658,866	1,658,866
Economic development	-	-	-	2,230,119	2,230,119
Capital outlay	1,379,619	-	17,667,212	8,851,771	27,898,602
Debt service:					
Principal retirement	105,751	15,658,000	-	49,669	15,813,420
Interest and fiscal charges	-	3,974,336	-	3,235	3,977,571
Issuance costs	-	79,655	19,552	-	99,207
Total expenditures	75,175,923	19,711,991	19,181,238	45,668,356	159,737,508
Deficiency of revenues over expenditures	(4,524,948)	(7,041,920)	(18,835,180)	(2,968,738)	(33,370,786)
Other financing sources (uses):					
Issuance of debt	-	5,775,000	2,445,000	-	8,220,000
Issuance of refunding debt	-	2,325,000	-	-	2,325,000
Issuance of debt premium	-	354,474	40,465	-	394,939
Sale of property - proceeds received	-	-	-	17,100	17,100
Transfers in	4,434,854	51,000	-	2,495,398	6,981,252
Transfers out	(1,890,318)	-	-	(713,855)	(2,604,173)
Total other financing sources	2,544,536	8,505,474	2,485,465	1,798,643	15,334,118
Net change in fund balance	(1,980,412)	1,463,554	(16,349,715)	(1,170,095)	(18,036,668)
Fund balance - beginning	26,997,593	12,491,540	31,305,186	39,751,667	110,545,986
Fund balance - ending	\$ 25,017,181	\$ 13,955,094	\$ 14,955,471	\$ 38,581,572	\$ 92,509,318

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, 2020**

Total net change in fund balances - governmental funds	\$ (18,036,668)
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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	27,019,718	
Net book value of reclasses and transfers in/out with business-type activities	(14,975,916)	
Net book value of disposed asset	(397,973)	
Depreciation expense	(13,649,506)	(2,003,677)

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	257,990	
Proceeds on issuance of bonds	(10,545,000)	
Proceeds on issuance of bond premiums	(394,939)	
General obligation and temporary notes principal payments	15,658,000	
Capital lease principal payments	155,420	
Amortization of premiums, net	(1,540,254)	

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.

1,610,492

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

738,912

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	(173,554)	
Pension expense	(2,425,138)	
OPEB expense	(145,717)	

Changes in net position of governmental activities

\$ (16,844,133)

City of Lawrence, Kansas

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 62,430,000	\$ 56,902,000	\$ 57,771,030	\$ 869,030
Licenses and permits	2,058,000	1,496,000	1,489,221	(6,779)
Charges for services	7,966,000	7,971,000	8,646,933	675,933
Fines, forfeitures, and penalties	2,000,000	1,460,000	964,989	(495,011)
Interest	192,000	350,000	447,695	97,695
Intergovernmental	1,332,000	1,332,000	681,468	(650,532)
Miscellaneous	427,000	540,000	649,639	109,639
Total revenues	76,405,000	70,051,000	70,650,975	599,975
Expenditures				
General government	11,002,000	10,649,000	11,409,003	760,003
Public safety	51,962,000	50,560,000	48,548,337	(2,011,663)
Public works	8,050,000	8,120,000	7,481,298	(638,702)
Culture and recreation	4,586,000	4,754,000	4,583,064	(170,936)
Health	1,099,000	1,109,000	1,099,713	(9,287)
Social Services	-	50,000	28,032	(21,968)
Capital outlay	1,218,000	914,000	312,447	(601,553)
Total expenditures	77,917,000	76,156,000	73,461,894	(2,694,106)
Excess (deficiency) of revenues over (under) expenditures	(1,512,000)	(6,105,000)	(2,810,919)	3,294,081
Other financing sources (uses)				
Transfers in	4,770,000	3,805,000	4,434,853	629,853
Transfers out	(4,226,000)	(5,108,000)	(1,890,318)	3,217,682
Total other financing sources (uses)	544,000	(1,303,000)	2,544,535	3,847,535
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ (968,000)	\$ (7,408,000)	(266,384)	\$ 7,141,616
Fund balance, beginning of year, GAAP basis			26,997,593	
Fund balance, end of year, budget basis			26,731,209	
Adjustments, encumbrances			(1,714,028)	
Fund balance, end of year, GAAP basis			<u>\$ 25,017,181</u>	

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, 2020

	Business-Type Activities: Enterprise Funds				Governmental Activities: Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds	Total Enterprise Funds	
Assets and deferred outflows of resources					
Current assets:					
Cash and investments	\$ 23,328,523	\$ 13,435,100	\$ 5,908,270	\$ 42,671,893	\$ 20,802,156
Receivables (net of allowances for uncollectibles):					
Accounts	7,398,554	2,459,159	615,037	10,472,750	66,933
Accrued interest	177,912	227,765	20,163	425,840	72,707
Inventories	3,197,826	-	-	3,197,826	373,505
Prepaid	695,621	4,752	2,273	702,646	373,169
Restricted cash:					
Customer deposits	1,266,775	13,401	-	1,280,176	-
Current portion of revenue bonds	7,915,000	-	-	7,915,000	-
Total current assets	43,980,211	16,140,177	6,545,743	66,666,131	21,688,470
Noncurrent assets:					
Restricted cash and investments	27,692,944	-	-	27,692,944	-
Land held for resales	-	-	221,022	221,022	-
Capital assets:					
Land	4,659,645	-	2,324,546	6,984,191	-
Construction in progress	2,103,359	-	7,280	2,110,639	-
Building and improvements	247,258,046	2,737,540	3,859,228	253,854,814	704,842
Equipment	20,272,268	9,539,698	3,230,686	33,042,652	315,214
Infrastructure	165,148,479	-	17,640,237	182,788,716	-
Less: accumulated depreciation	(149,998,942)	(7,122,697)	(12,929,376)	(170,051,015)	(857,594)
Total capital assets	289,442,855	5,154,541	14,132,601	308,729,997	162,462
Total noncurrent assets	317,135,799	5,154,541	14,353,623	336,643,963	162,462
Total assets	361,116,010	21,294,718	20,899,366	403,310,094	21,850,932
Deferred outflows of resources:					
Pension related amounts	1,854,544	1,050,090	257,624	3,162,258	795,829
OPEB related amounts	552,945	334,071	92,158	979,174	188,154
Total deferred outflows of resources	2,407,489	1,384,161	349,782	4,141,432	983,983
Total assets and deferred outflows of resources	\$ 363,523,499	\$ 22,678,879	\$ 21,249,148	\$ 407,451,526	\$ 22,834,915
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	\$ 3,284,237	\$ 783,162	\$ 131,913	\$ 4,199,312	\$ 695,811
Interest payable	580,017	4,000	-	584,017	-
Claims payable	-	-	-	-	1,934,640
Accrued payroll	354,987	174,819	43,113	572,919	128,942
Compensated absences	620,356	300,505	85,274	1,006,135	253,543
Current portion of general obligation bonds payable	3,395,000	315,000	-	3,710,000	-
Total unrestricted current liabilities	8,234,597	1,577,486	260,300	10,072,383	3,012,936
Current liabilities payable from restricted assets:					
Customer deposits	1,266,775	13,401	-	1,280,176	-
Current portion of revenue bonds	7,915,000	-	-	7,915,000	-
Total current liabilities payable from restricted assets	9,181,775	13,401	-	9,195,176	-
Total current liabilities	17,416,372	1,590,887	260,300	19,267,559	3,012,936
Noncurrent liabilities:					
Compensated absences	758,201	367,285	104,224	1,229,710	267,767
General obligation bonds payable	1,519,122	26,930	-	1,546,052	-
Revenue bonds payable	174,776,558	-	-	174,776,558	-
Net pension liability	6,948,579	3,934,462	965,261	11,848,302	2,981,800
Total OPEB liability	3,195,946	1,930,885	532,657	5,659,488	1,087,509
Total noncurrent liabilities	187,198,406	6,259,562	1,602,142	195,060,110	4,337,076
Total liabilities	204,614,778	7,850,449	1,862,442	214,327,669	7,350,012
Deferred inflows of resources:					
Pension related amounts	349,457	197,872	48,545	595,874	149,961
OPEB related amounts	138,361	83,593	23,060	245,014	47,082
Total deferred inflows of resources	487,818	281,465	71,605	840,888	197,043
Total liabilities and deferred inflows of resources	\$ 205,102,596	\$ 8,131,914	\$ 1,934,047	\$ 215,168,557	\$ 7,547,055
Net position					
Net investment in capital assets	\$ 119,872,993	\$ 4,761,252	\$ 14,132,601	\$ 138,766,846	\$ 162,462
Restricted for:					
Debt service	8,052,016	-	-	8,052,016	-
Capital outlay	151,267	-	-	151,267	-
Unrestricted	30,344,627	9,785,713	5,182,500	45,312,840	15,125,398
Total net position	\$ 158,420,903	\$ 14,546,965	\$ 19,315,101	192,282,969	\$ 15,287,860
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				4,991,099	
Net position of business-type activities				<u>\$ 197,274,068</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, 2020

	Business-Type Activities: Enterprise Funds				Governmental Activities:
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
Operating revenue					
Charges for services	\$ 48,192,983	\$ 14,539,315	\$ 5,105,307	\$ 67,837,605	\$ 25,588,143
Other sales	302,817	-	29,192	332,009	-
Total operating revenues	<u>48,495,800</u>	<u>14,539,315</u>	<u>5,134,499</u>	<u>68,169,614</u>	<u>25,588,143</u>
Operating expenses					
Continuing operations	-	12,407,312	4,926,653	17,333,965	4,312,188
Transmission and distribution	22,734,203	-	-	22,734,203	-
General administration	6,663,898	82,482	38,061	6,784,441	9,966,735
Health insurance claims	-	-	-	-	9,133,870
Depreciation	10,388,213	999,926	635,406	12,023,545	38,879
Total operating expense	<u>39,786,314</u>	<u>13,489,720</u>	<u>5,600,120</u>	<u>58,876,154</u>	<u>23,451,672</u>
Operating income (loss)	<u>8,709,486</u>	<u>1,049,595</u>	<u>(465,621)</u>	<u>9,293,460</u>	<u>2,136,471</u>
Nonoperating revenues (expenses)					
Interest income	857,472	167,089	113,107	1,137,668	211,928
Interest expense	(6,009,372)	(41,321)	-	(6,050,693)	-
Gain (loss) on sale of capital assets	(10,625)	(231,387)	(99,224)	(341,236)	676
Rental income	-	-	-	-	48,525
Miscellaneous	221,724	663,616	115,087	1,000,427	21,284
Total nonoperating revenues (expenses)	<u>(4,940,801)</u>	<u>557,997</u>	<u>128,970</u>	<u>(4,253,834)</u>	<u>282,413</u>
Income before transfers and capital contributions	<u>3,768,685</u>	<u>1,607,592</u>	<u>(336,651)</u>	<u>5,039,626</u>	<u>2,418,884</u>
Capital contributions	13,056,004	-	2,177,314	15,233,318	-
Transfers in	-	-	214,164	214,164	1,758,183
Transfers out	(3,199,167)	(806,667)	(417,667)	(4,423,501)	(1,758,183)
Total transfers and capital contributions	<u>9,856,837</u>	<u>(806,667)</u>	<u>1,973,811</u>	<u>11,023,981</u>	<u>-</u>
Change in net position	<u>13,625,522</u>	<u>800,925</u>	<u>1,637,160</u>	<u>16,063,607</u>	<u>2,418,884</u>
Net position, beginning	<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>
Net position, ending	<u>\$ 158,420,903</u>	<u>\$ 14,546,965</u>	<u>\$ 19,315,101</u>	<u>192,282,969</u>	<u>\$ 15,287,860</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				<u>808,392</u>	
Change in net position of business-type activities				<u>\$ 16,871,999</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, 2020

	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	\$ 47,418,333	\$ 14,257,483	\$ 4,924,669	\$ 66,600,485	\$ 27,367,961
Cash paid to suppliers of goods and services	(22,364,613)	(7,934,491)	(3,420,868)	(33,719,972)	(20,674,072)
Cash paid to employees	(6,348,162)	(3,987,959)	(1,791,546)	(12,127,667)	(2,121,712)
Net cash provided by (used in) operating activities	18,705,558	2,335,033	(287,745)	20,752,846	4,572,177
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(6,683,374)	(699,736)	(396,295)	(7,779,405)	-
Purchase of land held for resale	-	-	(221,022)	(221,022)	-
Proceeds from sale of capital assets	221,724	525,504	115,087	862,315	21,960
Principal payments on general obligation bonds	(3,250,000)	(293,070)	-	(3,543,070)	-
Principal payments on revenue bonds	(7,560,000)	-	-	(7,560,000)	-
Interest payments on debt	(7,352,975)	(38,413)	-	(7,391,388)	-
Net cash provided by (used in) capital and related financing activities	(24,624,625)	(505,715)	(502,230)	(25,632,570)	21,960
Cash flows from noncapital financing activities:					
Interfund loan	25,000	-	-	25,000	(226,868)
Transfers in	-	-	471,565	471,565	1,595,721
Transfers out	(3,199,167)	(806,667)	(417,667)	(4,423,501)	(1,595,721)
Net cash provided by (used in) noncapital financing activities	(3,174,167)	(806,667)	53,898	(3,926,936)	(226,868)
Cash flows from investing activities:					
Purchase of investments	(69,302,802)	(12,403,922)	(7,094,964)	(88,801,688)	(20,484,134)
Sale of investments	76,564,292	11,220,785	7,752,753	95,537,830	17,418,004
Interest received	1,154,899	178,961	145,532	1,479,392	311,872
Net cash provided by (used in) investing activities	8,416,389	(1,004,176)	803,321	8,215,534	(2,754,258)
Net increase (decrease) in cash and cash equivalents	(676,845)	18,475	67,244	(591,126)	1,613,011
Cash and cash equivalents, beginning	11,696,726	517,249	306,669	12,520,644	1,301,900
Cash and cash equivalents, ending	\$ 11,019,881	\$ 535,724	\$ 373,913	\$ 11,929,518	\$ 2,914,911

(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, 2020

	Business-Type Activities: Enterprise Funds			Governmental Activities:	
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 8,709,486	\$ 1,049,595	\$ (465,621)	\$ 9,293,460	\$ 2,136,471
Net cash provided by (used in) operating activities:					
Depreciation expense	10,388,213	999,926	635,406	12,023,545	38,879
Rent income	-	-	-	-	48,525
(Increase) decrease in accounts receivable	(1,711,172)	(496,360)	(148,387)	(2,355,919)	(5,046)
(Increase) decrease in inventories	(194,340)	-	1,796	(192,544)	(1,574)
(Increase) decrease in prepaids	(20,271)	(537)	90	(20,718)	(125,649)
(Increase) decrease in deferred outflows					
Pension related amounts	(1,067,469)	(667,474)	(124,305)	(1,859,248)	(712,296)
OPEB related amounts	(25,775)	21,828	14,298	10,351	(121,374)
Increase (decrease) in meter deposits payable	18,115	(3,108)	-	15,007	-
Increase (decrease) in accounts payable	1,199,791	387,335	47,407	1,634,533	(96,799)
Increase (decrease) in claims payable	-	-	-	-	(255,695)
Increase (decrease) in accrued payroll	111,152	26,154	519	137,825	98,704
Increase (decrease) in net pension liability	1,095,769	1,089,273	(26,116)	2,158,926	2,360,634
Increase (decrease) in total OPEB liability	269,855	(44,554)	(58,231)	167,070	716,841
Increase (decrease) in deferred inflows					
Pension related amounts	(202,809)	(70,597)	(45,001)	(318,407)	91,348
OPEB related amounts	105,897	61,676	16,505	184,078	42,970
Increase (decrease) in unearned revenue	-	-	(61,443)	(61,443)	-
Increase (decrease) in accrued compensated absences	29,116	(18,124)	(74,662)	(63,670)	356,238
Net cash provided by (used in) operating activities	\$ 18,705,558	\$ 2,335,033	\$ (287,745)	\$ 20,752,846	\$ 4,572,177
Noncash capital activities-capital assets in accounts payable	\$ 760,369	\$ 51,359	\$ -	\$ 811,728	\$ -
Noncash capital activities-interfund capital transfers	\$ -	\$ -	\$ 257,401	\$ 257,401	\$ -
Noncash capital activities-capital contributions	\$ 13,056,004	\$ -	\$ 2,177,314	\$ 15,233,318	\$ -
Cash and investment amounts reported on the statement of net position:					
Cash and investments	\$ 23,328,523	\$ 13,435,100	\$ 5,908,270	\$ 42,671,893	\$ 20,802,156
Restricted cash - customer deposits	1,266,775	13,401	-	1,280,176	-
Restricted cash - revenue bonds	7,915,000	-	-	7,915,000	-
Restricted cash and investments - noncurrent	27,692,944	-	-	27,692,944	-
	\$ 60,203,242	\$ 13,448,501	\$ 5,908,270	\$ 79,560,013	\$ 20,802,156
Reconciliation of amounts reported on the statement of net position:					
Cash and cash equivalents	\$ 11,019,881	\$ 535,724	\$ 373,913	\$ 11,929,518	\$ 2,914,911
Investments	49,183,361	12,912,777	5,534,357	67,630,495	17,887,245
Total cash and investments	\$ 60,203,242	\$ 13,448,501	\$ 5,908,270	\$ 79,560,013	\$ 20,802,156

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, 2020

	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	Lawrence Memorial Hospital Endowment Association	Lawrence Surgery Center, LLC	Lawrence Public Library	Total Component Units
Assets and deferred outflows of resources						
Current assets:						
Cash and investments	\$ 7,904,179	\$ 91,198,298	\$ 713,923	\$ 391,305	\$ 1,694,502	\$ 101,902,207
Receivables (net of allowances for uncollectibles)	30,944	42,411,719	363,477	887,549	-	43,693,689
Due from other entities	137,248	1,069,123	-	-	-	1,206,371
Inventories	76,727	5,439,812	-	301,261	-	5,817,800
Prepaid	93,857	10,285,282	-	56,523	-	10,435,662
Other assets	-	937,555	-	-	-	937,555
Restricted cash	441,644	2,510,074	-	-	-	2,951,718
Total current assets	8,684,599	153,851,863	1,077,400	1,636,638	1,694,502	166,945,002
Noncurrent assets:						
Restricted cash and investments	-	31,309,420	-	-	-	31,309,420
Investments	-	-	13,210,000	-	-	13,210,000
Receivables (net of allowances for uncollectibles)	-	-	506,259	-	-	506,259
Capital assets:						
Capital assets, nondepreciable						
Land	1,128,679	12,628,353	-	-	-	13,757,032
Construction in progress	1,328,394	8,460,508	-	-	-	9,788,902
Capital assets, depreciable	28,358,036	359,669,243	-	3,304,160	5,119,711	396,451,150
Less: accumulated depreciation	(16,429,003)	(137,547,289)	-	(2,260,993)	(2,338,842)	(158,576,127)
Total capital assets	14,386,106	243,210,815	-	1,043,167	2,780,869	261,420,957
Total noncurrent assets	14,386,106	274,520,235	13,716,259	1,043,167	2,780,869	306,446,636
Total assets	23,070,705	428,372,098	14,793,659	2,679,805	4,475,371	473,391,638
Deferred outflows of resources:						
Pension related amounts	429,983	-	-	-	735,080	1,165,063
OPEB related amounts	11,747	-	-	-	18,391	30,138
Total deferred outflows of resources	441,730	-	-	-	753,471	1,195,201
Total assets and deferred outflows of resources	\$ 23,512,435	\$ 428,372,098	\$ 14,793,659	\$ 2,679,805	\$ 5,228,842	\$ 474,586,839
Liabilities and deferred inflows of resources						
Liabilities:						
Current liabilities						
Accounts payable	\$ 51,923	\$ 11,251,865	\$ 5,930	\$ 286,214	\$ 85,885	\$ 11,681,817
Interest payable	-	1,862,406	-	-	-	1,862,406
Accrued payroll and expenses	54,603	18,686,361	-	537,343	-	19,278,307
Due to other entities	93,587	7,423,703	-	-	-	7,517,290
Unearned revenue	433,895	-	-	-	-	433,895
Other liabilities	186,725	1,334,749	81,116	-	-	1,602,590
Current portion of compensated absences	12,755	-	-	-	104,240	116,995
Current portion of revenue bonds payable	-	2,248,230	-	-	-	2,248,230
Current portion of other long-term liabilities	-	-	-	722,274	-	722,274
Total current liabilities	833,488	42,807,314	87,046	1,545,831	190,125	45,463,804
Noncurrent liabilities:						
Compensated absences	114,796	-	-	-	209,336	324,132
Revenue bonds payable	-	95,243,568	-	-	-	95,243,568
Net pension liability	1,753,920	-	-	-	2,480,373	4,234,293
Total OPEB liability	30,300	-	-	-	135,808	166,108
Other long-term liabilities	-	24,775,499	-	451,714	-	25,227,213
Total noncurrent liabilities	1,899,016	120,019,067	-	451,714	2,825,517	125,195,314
Total liabilities	2,732,504	162,826,381	87,046	1,997,545	3,015,642	170,659,118
Deferred inflows of resources:						
Pension related amounts	102,738	-	-	-	33,343	136,081
OPEB related amounts	23,600	-	-	-	11,849	35,449
Total deferred inflows of resources	126,338	-	-	-	45,192	171,530
Total liabilities and deferred inflows of resources	\$ 2,858,842	\$ 162,826,381	\$ 87,046	\$ 1,997,545	\$ 3,060,834	\$ 170,830,648
Net position						
Net investment in capital assets	\$ 14,386,106	\$ 152,319,798	\$ -	\$ 1,043,167	\$ 2,780,869	\$ 170,529,940
Restricted for:						
Debt service	-	647,668	-	-	-	647,668
Capital	-	-	-	1,237,825	-	1,237,825
Hospital - specific operating activities	-	4,063	6,969,185	-	-	6,973,248
Housing assistance	36,557	-	-	-	-	36,557
Unrestricted	6,230,930	112,574,188	7,737,428	(1,598,732)	(612,861)	124,330,953
Total net position	\$ 20,653,593	\$ 265,545,717	\$ 14,706,613	\$ 682,260	\$ 2,168,008	\$ 303,756,191

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, 2020

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position					Total
	Expenses	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 Surgery Center, LLC	Lawrence Public Library	
Component units										
Lawrence-Douglas County Housing Authority	\$ 10,332,919	\$ 1,827,278	\$ 9,224,968	\$ 1,118,874	\$ 1,838,201	\$ -	\$ -	\$ -	\$ -	\$ 1,838,201
Lawrence Memorial Hospital	298,653,947	281,917,363	19,993,036	3,219,668	-	6,476,120	-	-	-	6,476,120
Lawrence Memorial Hospital Endowment Association	4,555,315	-	3,268,324	-	-	-	(1,286,991)	-	-	(1,286,991)
Lawrence Surgery Center, LLC	6,955,190	6,377,253	-	-	-	-	-	(577,937)	-	(577,937)
Lawrence Public Library	5,249,747	24,020	5,329,968	-	-	-	-	-	104,241	104,241
Total component units	\$ 325,747,118	\$ 290,145,914	\$ 37,816,296	\$ 4,338,542	1,838,201	6,476,120	(1,286,991)	(577,937)	104,241	6,553,634
General Revenues										
Interest income					20,566	800,349	1,086,130	187	8,356	1,915,588
Miscellaneous					-	-	-	54,014	411	54,425
Subtotal general revenues					20,566	800,349	1,086,130	54,201	8,767	1,970,013
Change in net position					1,858,767	7,276,469	(200,861)	(523,736)	113,008	8,523,647
Net position - beginning, as restated					18,794,826	258,269,248	14,907,474	1,205,996	2,055,000	295,232,544
Net position - ending					<u>\$ 20,653,593</u>	<u>\$ 265,545,717</u>	<u>\$ 14,706,613</u>	<u>\$ 682,260</u>	<u>\$ 2,168,008</u>	<u>\$ 303,756,191</u>

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

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 and when revenues are both measurable and available.

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. Revenues for grants and similar items are considered to be available if they are collected within 90 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

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 General Liability Fund and the Workers Comp Liability Fund were closed in to the Risk Management Fund during fiscal year 2020, as this fund was created to account for all insurance activity. The Central Maintenance Fund accounts for the repairs and maintenance expenses of the City's fleet of vehicles and equipment. The Central Maintenance Fund was closed in to the Administrative Services Fund during fiscal year 2020. The Health Insurance Fund accounts for the payments of health insurance claims. The Administrative Services Fund accounts for the repairs and maintenance of the City's fleet of vehicles and equipment, as well as the City's information systems, human resources and finance departments' expenses. These expenses are charged to other City funds based on certain criteria and ratios. The Risk Management fund accounts for payments for auto and general liability claims, as well as workers' compensation claims, insurance premiums and other administrative expenses.

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

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, Enterprise 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 multiple funds in 2020.

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). In transportation development district funds, overspending of budget is authorized as long as the total expenditures within the fund do not exceed the total revenues. 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

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 2021, plus delinquent taxes.

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, 2020, the City had \$12,961,194 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

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.

Prepaid: Prepaid balances are for payments made by the City in the current year to provide services occurring in subsequent fiscal years, and the related fund balance is reported as nonspendable as the fund balance is not available for other expenditures and is not in spendable form. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

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 liability, 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.

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 governmental 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	\$ 387,173	\$ -	\$ -	\$ 177,999	\$ 565,172
Inventories	40,565	-	-	-	40,565
Total nonspendable for	427,738	-	-	177,999	605,737
Restricted for:					
Capital outlay	-	-	14,955,471	3,491,196	18,446,667
Debt service	-	13,955,094	-	-	13,955,094
General government	-	-	-	18,482,935	18,482,935
Public safety	-	-	-	223,891	223,891
Public works	-	-	-	13,738,426	13,738,426
Social services	-	-	-	385,891	385,891
Culture and recreation	-	-	-	817,062	817,062
Tourism	-	-	-	585,397	585,397
Economic development	-	-	-	759,172	759,172
Total restricted for	-	13,955,094	14,955,471	38,483,970	67,394,535
Assigned for:					
General government	79	-	-	-	79
Public safety	332,562	-	-	-	332,562
Public works	737,059	-	-	-	737,059
Social services	31,529	-	-	-	31,529
Culture and recreation	190,785	-	-	-	190,785
Total assigned for	1,292,014	-	-	-	1,292,014
Unassigned	23,297,429	-	-	(80,397)	23,217,032
	<u>\$ 25,017,181</u>	<u>\$ 13,955,094</u>	<u>\$ 14,955,471</u>	<u>\$ 38,581,572</u>	<u>\$ 92,509,318</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 \$22,007,110 for debt service, \$33,743,229 for capital improvements and \$1,971,544 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

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 units, the Lawrence Memorial Hospital Endowment Association (the Endowment Association) and the Lawrence Surgery Center, LLC (the Surgery Center), which are also presented as a discretely presented component units in the City's financial statements.

The Endowment Association is a legally separate tax-exempt component unit of the Hospital. The Endowment Association is exclusively dedicated to the support of the Hospital. The Endowment Association's operations are managed by a board of directors separate from the Hospital's board. In October 1984, the City, upon request of the Hospital, passed an ordinance granting the Hospital's board of trustees the power to transfer personal property and funds previously donated to the Hospital to the Endowment Association to be held in trust for the benefit of the Hospital. A trust agreement was established between the Hospital and the Endowment Association. Although the Hospital does not control the timing or amount of receipts from the Endowment Association, substantially all of the Endowment Association's resources and related income are restricted by donors for the benefit of the Hospital. Because these restricted resources held by the Endowment Association can only be used by, or for the benefit of the Hospital, the Endowment Association is considered a component unit of the Hospital and is discretely presented in the Hospital's financial statements.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 2. Reporting Entity (Continued)

The Surgery Center is an ambulatory surgical care center located in Lawrence, Kansas. In 2020, the Hospital increased its ownership interest in the Surgery Center to 70%. As the Hospital now holds a majority equity interest in the Surgery Center, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests*, the reporting entity changed to include the Surgery Center as a component unit of the Hospital and is discretely presented in the Hospital's financial statements.

The Endowment Association and the Surgery Center report 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 significant modifications have been made to the Endowment Association's or the Surgery Center'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 because eXplore Lawrence's governing body is substantively the same as the City's and there is a financial benefit or burden relationship between eXplore Lawrence and the City. eXplore Lawrence is therefore combined within the City's primary governing statements as a Special Revenue Fund.

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments

At December 31, 2020, the City's carrying values of cash and investments are summarized as follows:

Cash:	
Deposits	\$ 18,201,856
Certificates of deposit	119,231,020
Petty cash	4,988
Total cash	<u>137,437,864</u>
Investments:	
Kansas Municipal investment pool	17,210
U.S. Treasury notes	5,607,657
U.S. Treasury bills	10,504,435
U.S. Federal Agency issues	41,743,881
Total investments	<u>57,873,183</u>
Total cash and investments	<u>\$ 195,311,047</u>

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.

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 and bills: 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

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, 2020, 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)	\$ 28,917,764	Moody's Aaa	1/14/2021 to 9/30/2021	2
Federal National Mortgage Association (FNMA)	5,664,382	Moody's Aaa	4/13/2021 to 5/6/2021	2
Federal Farm Credit Bank (FFCB)	7,161,735	Moody's Aaa	5/26/2021 to 6/15/2023	2
U.S. Treasury notes	5,607,657	Moody's Aaa	2/15/2021 to 9/15/2021	1
U.S. Treasury bills	10,504,435	Moody's Aaa	2/25/2021 to 4/22/2021	1
	<u>57,855,973</u>			
Investments measured by the net asset value (NAV)				
Kansas Municipal Investment Pool	17,210	N/A	Current	
	<u>\$ 57,873,183</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.

At December 31, 2020, the City had \$17,210 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

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, 2020, the City's investments include FNMA, FHLB and FFCB, which represent 10%, 50% and 12%, 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.

Note 4. Tax Revenue

Tax revenue for the year ended December 31, 2020 is as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Other Governmental Funds	
Property taxes	\$ 21,617,015	\$ 10,137,505	\$ 6,202,082	\$ 37,956,602
Motor vehicle taxes	1,827,576	868,049	372,469	3,068,094
Utility franchise taxes	6,893,125	-	-	6,893,125
Sales tax	27,433,314	-	12,932,447	40,365,761
Total	<u>\$ 57,771,030</u>	<u>\$ 11,005,554</u>	<u>\$ 19,506,998</u>	<u>\$ 88,283,582</u>

Included in intergovernmental revenue in the governmental fund financial statements is also approximately \$5 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 4. Tax Revenue (Continued)

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2020 were as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Library Funds	
Levy	\$ 19.952	\$ 9.321	\$ 4.045	\$ 33.318

Note 5. Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year ended December 31, 2020:

Type of Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 84,878,000	\$ 8,100,000	\$ 9,658,000	\$ 83,320,000	\$ 6,504,000
General obligation bonds premium	2,347,560	2,543,424	342,430	4,548,554	-
General obligation bonds, net	87,225,560	10,643,424	10,000,430	87,868,554	6,504,000
General obligation temporary note	43,625,000	2,445,000	6,000,000	40,070,000	40,070,000
General obligation temporary note premium	424,421	40,465	306,266	158,620	158,620
General obligation temporary note, net	44,049,421	2,485,465	6,306,266	40,228,620	40,228,620
Capital lease	991,376	-	155,420	835,956	133,278
Compensated absences	7,663,202	3,803,268	3,273,476	8,192,994	3,686,846
Net pension liability	59,009,519	13,236,153	-	72,245,672	-
Total OPEB liability	13,258,987	301,593	-	13,560,580	-
Total	\$ 212,198,065	\$ 30,469,903	\$ 19,735,592	\$ 222,932,376	\$ 50,552,744
Business-type activities:					
General obligation bonds	\$ 8,530,000	\$ -	\$ 3,565,000	\$ 4,965,000	\$ 3,710,000
General obligation premium	484,419	-	193,367	291,052	-
General obligation, net	9,014,419	-	3,758,367	5,256,052	3,710,000
Revenue bonds	174,660,000	-	7,560,000	167,100,000	7,915,000
Revenue bonds premium	16,674,777	-	1,083,219	15,591,558	-
Revenue bonds, net	191,334,777	-	8,643,219	182,691,558	7,915,000
Compensated absences	2,299,515	1,001,183	1,064,853	2,235,845	1,006,135
Net pension liability	9,689,376	2,158,926	-	11,848,302	-
Total OPEB liability	5,492,418	167,070	-	5,659,488	-
Total	\$ 217,830,505	\$ 3,327,179	\$ 13,466,439	\$ 207,691,245	\$ 12,631,135

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

The general obligation temporary notes mature in 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, 2020 the debt limitation for the City of Lawrence was \$341 million. The City's general obligation debt and temporary notes as of December 31, 2020 was \$123 million. This is approximately 36% 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 ACFR.

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 \$395,873 as of December 31, 2020, respectively.

The following is a schedule by year of future minimum lease payments under the capital lease as of December 31, 2020:

2021	\$ 151,220
2022	125,908
2023	125,907
2024	125,907
2025	125,908
2026-2027	<u>251,816</u>
	906,666
Less amount representing interest	(70,710)
Less current maturities	<u>(133,278)</u>
Noncurrent portion	<u>\$ 702,678</u>

Arbitrage: The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The City has no arbitrage liability for tax-exempt debt as of December 31, 2020.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

Debt payable, other than claims and judgments and compensated absences, at December 31, 2020 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	2009	2021	2.000-3.500	\$ 3,250,000	\$ 315,000	\$ 315,000
Internal improvement	2010B	2022	1.250-3.000	8,920,000	1,645,000	810,000
Internal improvement *	2010C	2023	1.250-3.000	8,305,000	1,955,000	705,000
Internal improvement	2011	2023	2.000-3.000	3,895,000	1,080,000	350,000
Internal improvement	2012A	2024	2.000-3.000	7,710,000	2,050,000	495,000
Internal improvement	2013	2025	2.000-4.000	4,405,000	1,920,000	370,000
Internal improvement *	2014A	2024	2.000-5.000	25,065,000	19,340,000	1,060,000
Internal improvement	2014B	2024	3.000-4.000	18,440,000	14,200,000	800,000
Internal improvement	2015	2030	2.000-3.000	9,450,000	6,720,000	590,000
Internal improvement *	2016	2021	3.000-5.000	13,385,000	2,690,000	2,690,000
Internal improvement	2017A	2027	2.000-2.500	3,030,000	2,195,000	295,000
Green internal improvement	2017B	2039	1.000-3.375	11,375,000	9,880,000	250,000
Internal improvement	2017C	2027	0.950-2.400	654,000	470,000	64,000
Internal improvement	2017D	2038	2.875-5.000	13,975,000	12,105,000	780,000
Internal improvement	2019A	2039	3.000-3.250	3,880,000	3,620,000	320,000
Internal improvement	2020A	2040	2.000-3.625	5,775,000	5,775,000	155,000
Refunding	2020B	2034	1.000-1.850	2,325,000	2,325,000	165,000
					<u>88,285,000</u>	<u>10,214,000</u>

* The Series 2014A bonds is split with 97% (\$19,020,000) reported in governmental activities and 3% (\$320,000) reported in business-type activities. The Series 2010C and Series 2016 bonds are reported 100% in the business-type activities.

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	2019-I	2021	2.00	28,655,000	28,655,000	28,655,000
Internal improvement	2019-II	2021	4.00	8,970,000	8,970,000	8,970,000
Internal improvement	2020-I	2021	3.00	2,445,000	2,445,000	2,445,000
					<u>40,070,000</u>	<u>40,070,000</u>
Revenue bonds:						
Water and sewerage improvement refunding	2015B	2025	3.0-5.0	8,960,000	4,525,000	855,000
Water and sewerage improvement	2015A	2040	2.0-5.0	85,375,000	78,025,000	2,675,000
Water and sewerage improvement	2016A	2036	2.625-5.0	58,810,000	50,695,000	2,980,000
Water and sewerage improvement	2017A	2037	1.32-5.0	17,195,000	15,125,000	720,000
Water and sewerage improvement	2018	2038	3.5-4.0	20,070,000	18,730,000	685,000
					<u>167,100,000</u>	<u>7,915,000</u>
					<u>\$ 295,455,000</u>	<u>\$ 58,199,000</u>

In 2020, the City issued \$5,775,000 in general obligation bonds, series 2020A, for paying the renovation of Fire Station #1. The General Obligation Bonds, Series 2020A are due in annual installments of \$155,000 to \$725,000 through September 2040, with interest due in semiannual installments at an interest rate ranging between 2.000% and 3.625%.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

In 2020, the City issued \$2,445,000 in general obligation temporary notes, series 2020-I, for paying a portion of the costs of certain street improvements within the City and the purchase of a fire truck. The General Obligation Temporary Notes, Series 2020-I are due May 1, 2021, with interest due in semiannual installments at an interest rate of 3.00%. The general obligation temporary notes are presented as long-term liabilities on the governmental activities statement of net position. The general obligation temporary notes were refinanced as part of the 2021 long-term debt transaction noted in the subsequent events footnote (Note 17).

In 2020, the City issued \$2,325,000 in general obligation bonds, series 2020B to currently refund the City's Taxable General Obligation Improvement Bonds, Series 2010A. The General Obligation Bonds, Series 2020B are due in annual installments of \$165,000 to \$170,000 through September 2034, with interest due in semiannual installments at an interest rate ranging between 1.00% and 1.85%. The transaction will reduce debt service payments by approximately \$643,000 over the next 13 years and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$729,000.

The future annual requirements for general obligation bonds outstanding as of December 31, 2020, are as follows:

Year ending:	Governmental Activities		Business-Type Activities		Total Due
	Principal	Interest	Principal	Interest	
2021	\$ 6,504,000	\$ 2,840,054	\$ 3,710,000	\$ 207,388	\$ 13,261,442
2022	6,795,000	2,551,188	725,000	37,500	10,108,688
2023	6,196,000	2,302,656	530,000	15,750	9,044,406
2024	6,027,000	2,084,813	-	-	8,111,813
2025	5,573,000	1,878,545	-	-	7,451,545
2026-2030	25,070,000	6,760,108	-	-	31,830,108
2031-2035	19,765,000	2,934,431	-	-	22,699,431
2036-2039	7,390,000	602,219	-	-	7,992,219
	<u>\$ 83,320,000</u>	<u>\$ 21,954,014</u>	<u>\$ 4,965,000</u>	<u>\$ 260,638</u>	<u>\$ 110,499,652</u>

The future annual requirements for revenue bonds outstanding as of December 31, 2020, are as follows:

Year ending:	Business-Type Activities		
	Principal Due	Interest Due	Total Due
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	8,865,000	5,243,888	14,108,888
2026-2030	44,415,000	20,560,025	64,975,025
2031-2035	47,045,000	11,664,225	58,709,225
2036-2040	34,290,000	3,633,950	37,923,950
	<u>\$ 167,100,000</u>	<u>\$ 65,519,090</u>	<u>\$ 232,619,090</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

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.

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, 2020, total outstanding conduit debt was \$98,443,495.

Pledged revenues: The City has pledged future water and sewer operating revenues, net of specified operating expenses, to repay \$232,619,090 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 67% 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 \$14,546,230 and \$21,279,422 respectively. This equates to a net revenue/debt ratio of 1.46 which meets the requirement. The City takes into consideration the 120% covenant requirement when establishing its utility rate model.

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	\$ 1,295,000
Unamortized premiums	7,427,069	-	415,775	7,011,294	-
Note from direct borrowing	9,535,850	-	255,892	9,279,958	267,098
Capital lease obligations	768,373	3,726,168	813,995	3,680,546	686,132
Total long-term debt	<u>\$ 95,251,292</u>	<u>\$ 3,726,168</u>	<u>\$ 1,485,662</u>	<u>\$ 97,491,798</u>	<u>\$ 2,248,230</u>

The indenture agreements require that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee for debt service and capital acquisitions in the balance sheets. The indenture agreements also require the Hospital to comply with certain restrictive covenants including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1.10 to 1.00, and restrictions on incurrence of additional debt.

In 2020, the Hospital met the debt coverage ratio requirements established by the bond indenture.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

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	\$ 1,295,000

Note from direct borrowing: The Hospital's outstanding note from direct borrowing of \$9,279,958 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.

Debt service requirements on long-term debt other than capital lease obligations for the Hospital as of December 31, 2020, are as follows:

Year ending December 31,	Total to be Paid	Bonds		Direct Borrowings	
		Principal	Interest	Principal	Interest
2021	\$ 5,019,813	\$ 1,295,000	\$ 3,724,813	\$ 267,098	\$ 366,307
2022	5,020,063	1,360,000	3,660,063	277,980	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	5,020,563	1,575,000	3,445,563	313,358	320,046
2026-2030	25,104,565	9,140,000	15,964,565	1,769,018	1,398,003
2031-2035	25,106,240	11,630,000	13,476,240	2,159,964	1,007,057
2036-2040	25,106,314	14,265,000	10,841,314	2,637,309	529,712
2041-2045	26,953,750	19,925,000	7,028,750	1,264,835	55,506
2046-2048	16,965,000	15,400,000	1,565,000	-	-
	<u>\$ 144,338,934</u>	<u>\$ 77,520,000</u>	<u>\$ 66,818,934</u>	<u>\$ 9,279,958</u>	<u>\$ 4,708,469</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

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, 2020 total \$3,933,223, net of accumulated depreciation of \$835,026. The following is a schedule by year of future minimum lease payments under the capital lease including interest at rates of 3.5% to 4.0% together with the present value of the future minimum lease payments as of December 31, 2020:

	Capital Lease Obligations
2021	\$ 772,530
2022	1,034,783
2023	933,334
2024	744,656
2025	463,510
	<u>3,948,813</u>
Less amount representing interest	(268,267)
Less current maturities	<u>(686,132)</u>
Noncurrent portion	<u>\$ 2,994,414</u>

Other long-term liabilities: During the year ended December 31, 2020, the Hospital requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts are expected to be recaptured by the Centers for Medicare and Medicaid Services (CMS) according to the payback provisions.

Effective September 30, 2020, the payback provisions were revised and extended the payback period to begin one-year after the issuance of the advance payment through a phased payback period approach. The first 11 months of the payback period will be at 25% of the remittance advice payment followed by a six-month payback period at 50% of the remittance advice payment. After 29 months, CMS expects any amount not paid back through the withhold amounts to be paid back in a lump sum or interest will begin to accrue subsequent to the 29-month at a rate of 4%.

During the year ended December 31, 2020, the Hospital received \$28,101,716 from these accelerated Medicare payment requests. The unapplied amount of accelerated Medicare payment requests due within one-year are recorded in estimated amounts due to third-party payers in the accompanying balance sheets, totaling \$5,428,550. Unapplied accelerated Medicare payments due after one-year are recorded as part of other long-term liabilities in the accompanying balance sheets.

The CARES Act provides for a deferral of payments of the employer portion of payroll tax incurred during the pandemic, allowing half of such payroll taxes be deferred until December 2021 and the remaining half until December 2022. At December 31, 2020, the Hospital has deferred \$4,206,665 of payroll taxes, of which \$2,103,332 is recorded as a part of accrued expenses and \$2,103,333 is recorded as part of other long-term liabilities in the accompanying balance sheets.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Reclasses and Transfers In/Out *	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 16,434,737	\$ 1,038	\$ -	\$ 215,162	\$ 16,650,937
Construction in progress	26,394,192	24,170,965	44,760,191	-	5,804,966
Total capital assets, not being depreciated	42,828,929	24,172,003	44,760,191	215,162	22,455,903
Capital assets being depreciated:					
Buildings	111,615,095	25,616,258	2,134,952	469,974	135,566,375
Improvements other than buildings	55,455,362	4,216,774	1,094,748	(3,830,331)	54,747,057
Machinery and equipment	47,470,028	4,393,646	9,998,686	107,685	41,972,673
Infrastructure	259,749,004	13,381,228	-	(21,186,431)	251,943,801
Total capital assets, being depreciated	474,289,489	47,607,906	13,228,386	(24,439,103)	484,229,906
Less accumulated depreciation for:					
Buildings	52,858,739	3,718,235	1,990,831	443,144	55,029,287
Improvements other than buildings	24,118,566	1,664,350	1,094,748	2,353,287	27,041,455
Machinery and equipment	34,753,210	3,267,207	9,744,834	139,634	28,415,217
Infrastructure	93,414,246	5,038,593	-	(12,184,090)	86,268,749
Total accumulated depreciation	205,144,761	13,688,385	12,830,413	(9,248,025)	196,754,708
Total capital assets being depreciated, net	269,144,728	33,919,521	397,973	(15,191,078)	287,475,198
Governmental activities capital assets, net	\$ 311,973,657	\$ 58,091,524	\$ 45,158,164	\$ (14,975,916)	\$ 309,931,101
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 6,983,631	\$ 560	\$ -	\$ -	\$ 6,984,191
Construction in progress	6,140,490	7,903,133	11,932,984	-	2,110,639
Total capital assets, not being depreciated	13,124,121	7,903,693	11,932,984	-	9,094,830
Capital assets being depreciated:					
Buildings	89,199,323	-	672,143	(818,426)	87,708,754
Improvements other than buildings	319,203,811	2,519,438	1,597,712	(153,979,475)	166,146,062
Machinery and equipment	34,107,014	5,663,463	6,506,891	(220,936)	33,042,650
Infrastructure	-	3,545,938	-	179,242,778	182,788,716
Total capital assets, being depreciated	442,510,148	11,728,839	8,776,746	24,223,941	469,686,182
Less accumulated depreciation for:					
Buildings	33,793,394	1,908,539	630,557	(513,121)	34,558,255
Improvements other than buildings	104,611,758	4,195,885	1,597,711	(62,770,440)	44,439,492
Machinery and equipment	18,741,189	2,327,235	6,138,628	(205,526)	14,724,270
Infrastructure	-	3,591,886	-	72,737,112	76,328,998
Total accumulated depreciation	157,146,341	12,023,545	8,366,896	9,248,025	170,051,015
Total capital assets being depreciated, net	285,363,807	(294,706)	409,850	14,975,916	299,635,167
Business-type activities capital assets, net	\$ 298,487,928	\$ 7,608,987	\$ 12,342,834	\$ 14,975,916	\$ 308,729,997

* This activity represents capital asset transfers from the governmental activities to the business-type activities.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Capital Assets (Continued)

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Discretely presented component units:				
Capital assets, not being depreciated:				
Land	\$ 13,757,032	\$ -	\$ -	\$ 13,757,032
Construction in progress	73,842,764	39,207,019	103,260,881	9,788,902
Total capital assets, not being depreciated	87,599,796	39,207,019	103,260,881	23,545,934
Capital assets being depreciated:				
Buildings	183,275,802	82,402,229	27,000	265,651,031
Improvements other than buildings	3,414,067	5,484,224	-	8,898,291
Collection	3,178,097	739,813	393,612	3,524,298
Machinery and equipment	100,638,988	23,553,851	5,815,309	118,377,530
Total capital assets, being depreciated	290,506,954	112,180,117	6,235,921	396,451,150
Less accumulated depreciation for:				
Buildings	71,297,878	5,037,583	675	76,334,786
Improvements other than buildings	2,473,864	297,897	-	2,771,761
Collection	954,658	388,511	245,167	1,098,002
Machinery and equipment	76,946,070	6,993,264	5,567,756	78,371,578
Total accumulated depreciation	151,672,470	12,717,255	5,813,598	158,576,127
Total capital assets being depreciated, net	138,834,484	99,462,862	422,323	237,875,023
Component unit capital assets, net	\$ 226,434,280	\$ 138,669,881	\$ 103,683,204	\$ 261,420,957

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

Governmental activities:	
General government	\$ 1,665,153
Public safety	1,850,422
Public works	7,842,739
Social services	216,445
Culture and recreation	2,074,025
Tourism	722
	<u>13,649,506</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>38,879</u>
Total depreciation expense, governmental activities	<u>\$ 13,688,385</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Capital Assets (Continued)

Business-type activities:

Water and sewer	\$ 10,388,213
Sanitation	999,926
Parking	38,804
Stormwater	581,305
Golf course	15,297
Total depreciation expense, business-type activities	<u>\$ 12,023,545</u>

Component units:

Lawrence-Douglas County Housing Authority	\$ 759,770
Lawrence Surgery Center	261,772
Lawrence Memorial Hospital	11,257,170
Lawrence Public Library	438,543
Total depreciation expense, component units	<u>\$ 12,717,255</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 annual comprehensive financial report, which is available on the KPERS website at www.kpers.org.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

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, 2020.

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	8.61%	8.61%
Police and firefighters	21.93%	21.93%

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

Member contribution rates as a percentage of eligible compensation for the fiscal year 2020 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, 2020, 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, 2020.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020, the City's proportion for the Local employees group was 1.614%, which was an increase of 0.051% from its proportion measured at June 30, 2019. At June 30, 2020, the City's proportion for the Police and Firefighters group was 4.550%, which was a decrease of 0.079% from its proportion measured at June 30, 2019.

Net pension liability: At December 31, 2020, the City reported a liability of \$27,985,700 and \$56,108,274 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 \$84,093,974 as of December 31, 2020.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020 as the measurement date, using the following actuarial assumptions:

Assumptions	Rate
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.25% to 11.75% including inflation
Long-term rate of return, net of investment expense and including price inflation	7.50%

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

Note 7. Defined Benefit Pension Plan (Continued)

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the period of January 1, 2016, through December 31, 2018.

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, 2020 are summarized in the following table:

Asset	Long-Term Allocation	Long-Term Expected Rate of Return
U.S. equities	23.50%	5.20%
Non-U.S. equities	23.50	6.40
Private equity	8.00	9.50
Private real estate	11.00	4.45
Yield driven	8.00	4.70
Real return	11.00	3.25
Fixed income	11.00	1.55
Short-term investments	4.00	0.25
	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.50%. 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 7.50%, 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 (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Local	\$ 39,387,081	\$ 27,985,700	\$ 18,400,111
Police and firefighters	76,794,959	56,108,274	38,831,932
Total	<u>\$ 116,182,040</u>	<u>\$ 84,093,974</u>	<u>\$ 57,232,043</u>

Pension expense: For the year ended December 31, 2020, the City recognized total pension expense of \$12,457,128, which is comprised of local pension expense of \$3,629,080 and Police and Firefighters pension expense of \$8,828,048. 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, 2020, 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	\$ 467,276	\$ 359,791
Net differences between projected and actual earnings on investments	3,265,235	-
Changes in assumptions	1,685,668	-
Changes in proportion	706,106	1,047,663
Total	<u>6,124,285</u>	<u>1,407,454</u>
Police and Firefighters:		
Differences between actual and expected experience	1,640,009	-
Net differences between projected and actual earnings on investments	5,452,261	-
Changes in assumptions	3,883,971	-
Changes in proportion	356,144	2,803,874
Total	<u>11,332,385</u>	<u>2,803,874</u>
City contributions subsequent to measurement date for both groups	4,220,321	-
Total	<u>\$ 21,676,991</u>	<u>\$ 4,211,328</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

\$4,220,321 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, 2021. 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 Outflows	Police and Firefighters Deferred Outflows	Total Deferred Outflows
2021	\$ 856,456	\$ 2,233,822	\$ 3,090,278
2022	1,127,087	2,279,406	3,406,493
2023	1,316,110	2,025,949	3,342,059
2024	1,350,564	1,919,636	3,270,200
2025	66,614	69,698	136,312
	<u>\$ 4,716,831</u>	<u>\$ 8,528,511</u>	<u>\$ 13,245,342</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, 2020, the following funds had interfund receivables and payables to the following funds:

	Due From Other Funds General Fund
Due to other funds, other governmental funds	<u>\$ 1,541,409</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, 2020 follows:

Fund	Transfers Out	Transfers In
General	\$ 1,890,318	\$ 4,434,854
Debt service	-	51,000
Other governmental	713,855	2,495,398
Water and sewer	3,199,167	-
Sanitation	806,667	-
Internal service funds	1,758,183	1,758,183
Nonmajor proprietary	417,667	214,164
	<u>\$ 8,785,857</u>	<u>\$ 8,953,599</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 \$3,199,167 and \$164,000, respectively, to the general fund in lieu of franchise fees for various utilities. The general fund transferred \$807,388 to nonmajor governmental funds in support of recreational activities 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.

The nonmajor proprietary Golf Course Fund was closed in to the General Fund during fiscal year 2020. Due to the different measurement focus and different accrual basis of accounting used by the Golf Course Fund and the General Fund, certain balances in the Golf Course Fund were transferred directly to Governmental Activities. This caused the transfers within the funds to be out of balance by \$167,742. Transfers net to zero on the government-wide financial statements.

Note 9. Commitments and Contingencies

Contract commitments: At December 31, 2020, the City had construction contract commitments totaling \$3,824,497. The City expects to receive the contracted services during fiscal year 2021.

Contract commitments are either funded by revenue bonds, general obligation bonds, tax revenues or grant revenues.

Description	Authorized	Expended	Remaining Authority
Airport Runway Project	\$ 3,851,283	\$ 3,684,919	\$ 166,364
Investigations and Training Center HVAC	165,761	61,078	104,683
Sidewalk Improvement	460,729	72,988	387,741
Crossing Improvements	276,284	231,357	44,927
Concrete Maintenance	4,813,771	3,996,332	817,439
New Police Facility	17,867,274	17,422,055	445,219
E 9th Street	1,224,561	1,106,283	118,278
Riverbank Stabilization	560,903	152,306	408,597
Kasold Drive Reconstruction	2,335,160	1,421,613	913,547
9th Street Watermain Replacement	299,974	254,922	45,052
Bowersock Dam Scour Hole Maintenance	1,041,483	954,251	87,232
Water Transmission Main Inspection	346,569	61,151	285,418
	<u>\$ 33,243,752</u>	<u>\$ 29,419,255</u>	<u>\$ 3,824,497</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, 2020, the City had a total of \$9,026,457 in encumbrances, which are reported as part of the governmental fund balance sheet as follows:

	Assigned	Restricted	Total
General Fund	\$ 1,292,014	\$ -	\$ 1,292,014
Capital Projects Fund	-	2,435,840	2,435,840
Other governmental funds	-	5,298,602	5,298,602
	<u>\$ 1,292,014</u>	<u>\$ 7,734,442</u>	<u>\$ 9,026,456</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 \$1,782,627 at December 31, 2020 in the risk management fund. The primary government's claims liability reported in the Statement of Net Position at December 31, 2020 was \$1,934,640, for general and worker's comp liabilities. The liability reported in the financial statements at December 31, 2020 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.

Contingent liabilities: 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.

It is reasonable 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 9. Commitments and Contingencies (Continued)

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.

	2020	2019
Unpaid claims, January 1	\$ 1,340,456	\$ 1,319,244
Incurred claims (including IBNRs)	9,133,869	8,885,714
Claim payments	9,033,007	8,864,502
Unpaid claims, December 31	<u>\$ 1,441,318</u>	<u>\$ 1,340,456</u>

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 \$7.3 million from the County for this agreement for the year ending December 31, 2020.

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.

City of Lawrence, Kansas

Notes to the Basic 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	\$ 309,931,101	\$ 308,729,997	\$ 618,661,098
Less:			
Current portion of temporary notes payable	(40,228,620)	-	(40,228,620)
Current portion of general obligation bonds	(6,504,000)	(3,710,000)	(10,214,000)
Current portion of revenue bonds	-	(7,915,000)	(7,915,000)
Current portion of capital lease payable	(133,278)	-	(133,278)
Noncurrent portion of general obligation bonds	(81,364,554)	(1,546,052)	(82,910,606)
Noncurrent portion of revenue bonds	-	(174,776,558)	(174,776,558)
Noncurrent portion of capital lease payable	(702,678)	-	(702,678)
Capital in accounts payable	-	(811,728)	(811,728)
Plus:			
Unspent general obligation bonds, revenue bonds and temporary note proceeds	17,875,935	18,796,187	36,672,122
Net investment in capital assets	\$ 198,873,906	\$ 138,766,846	\$ 337,640,752

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	\$ 17,429,851	\$ 1,790,217	\$ 19,220,068
Deferred outflows of resources	3,005,627	319,725	3,325,352
Deferred inflows of resources	458,700	373,389	832,089
OPEB expense	1,703,919	170,401	1,874,320

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

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 governed by City policy. Other postemployment liabilities attributable to governmental activities are generally liquidated by the General fund. The City made contributions of \$528,056 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.

Employees covered by benefit terms: At December 31, 2020, the following employees were covered by the benefit terms:

Active employees:

KPERS 1	191
KPERS 2	82
KPERS 3	233
Police and fire	265
Total active employees	<u>771</u>

Inactives:

Retirees/disabled—subscribers	66
Spouses of retirees/disabled	16
Total inactive covered members	<u>82</u>
Total	<u>853</u>

Total OPEB liability: The City's total OPEB liability of \$17,429,851 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2020.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

Actuarial methods and assumptions: The total OPEB liability in the December 31, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	1.50% for all employees
Inflation rate	2.50%
Discount rate	1.96% measurement date 3.00% year preceding measurement date
Health care cost trend rates	6.50% for 2020 decreasing to an ultimate rate 4.50% in 2028
Dental cost trend rate	3.50%
Healthy mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality with Scale MP-2020 Full Generational Improvement
Disabled mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality with MP-2020 Full Generational Improvement

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

Changes in the total OPEB liability:

	Total OPEB Liability
Balance as of December 31, 2019	\$ 16,757,846
Changes for the year:	
Service cost	898,426
Interest	521,767
Differences between expected and actual experience	(386,654)
Changes in assumptions	166,522
Benefit payments	(528,056)
Net changes	672,005
Balance as of December 31, 2020	\$ 17,429,851

Changes in assumptions: The discount rate was changed from 3.00% at the beginning of the year to 1.96% at the end of the year. The scale used for the mortality assumption was changed from MP-2019 Full Generational Improvement to MP-2020 Full Generational Improvement. The assumed coverage tier distribution for future retiring employees was changed from Single – 65%, Single + Spouse – 25% and Family – 10% to 70%, 20% and 10% respectively. The assumed salary scale was changed from 2.5% – General employees, 1.5% – Police employees and 2.5% – Fire employees to 1.5% for all employees. The retiree contribution premiums, admin fees and stop-loss premiums were updated. This resulted in an increase of costs by \$166,522.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

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		1% Increase
	0.96%	1.96%	2.96%
Total OPEB liability	\$ 19,315,653	\$ 17,429,851	\$ 15,737,179

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 or 1-percentage-point higher 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	\$ 15,347,734	\$ 17,429,851	\$ 19,914,090

OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended December 31, 2020, the City recognized OPEB expense of \$1,703,919. At December 31, 2020, 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	\$ 812,473	\$ 351,504
Changes of assumptions or other inputs	2,193,154	107,196
	<u>\$ 3,005,627</u>	<u>\$ 458,700</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:	
2021	\$ 283,726
2022	283,726
2023	283,726
2024	283,726
2025	283,726
Thereafter	1,128,297
	<u>\$ 2,546,927</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

KPERS Other Postemployment Benefit Plan

Plan description: The City participates in a single-employer long-term disability 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.

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.

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 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

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

Covered employees: The City has the following employees covered by the Plan as of June 30, 2020:

Active members	511
Disabled members	8
	<hr/>
	519
	<hr/>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

Total OPEB liability: The City's total OPEB liability of \$1,790,217 was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020 as the measurement date, using the following actuarial assumptions:

Salary increases	3.50%
Inflation rate	2.75%
Discount rate	2.21% measurement date 3.50% 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-2020.

The discount rate is based upon the Bond Buyer General Obligation 20-Year Municipal Bond Index as of the measurement date.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 – December 31, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

Changes in total OPEB liability

	Total OPEB Liability
Balance as of December 31, 2019	<u>\$ 1,993,559</u>
Changes for the year:	
Service cost	107,158
Interest	70,045
Effect of economic/demographic gains	(331,807)
Changes in assumptions	151,873
Benefit payments	<u>(200,611)</u>
Net changes	<u>(203,342)</u>
Balance as of December 31, 2020	<u><u>\$ 1,790,217</u></u>

Changes in assumptions: The discount rate was changed from 3.50% at the beginning of the year to 2.21% at the end of the year. The demographic assumptions have been updated based upon the most recent KPERS experience study. The discount rate was updated in accordance with the requirements of GASB Statement No. 75. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

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 2.21%, 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 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB liability	\$ 1,900,422	\$ 1,790,217	\$ 1,686,431

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, 2020, the City recognized OPEB expense of \$170,401, 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, 2020, 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	\$ 153,390	\$ 314,521
Changes of assumptions or other inputs	166,335	58,868
	<u>\$ 319,725</u>	<u>\$ 373,389</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 June 30:	
2021	\$ (6,802)
2022	(6,802)
2023	(6,802)
2024	(6,802)
2025	(6,802)
Thereafter	(19,654)
	<u>\$ (53,664)</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

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.

A Data Gap Study report was prepared by GHD and approved by KDHE on March 6, 2020. The Data Gap Study provided GHD and the City the necessary information to complete the Cost-Benefit Analysis (CBA) report, detailing multiple remediation options for both soil and groundwater at the site. The CBA report for potential remedial efforts in addition to or in place of groundwater collection for land application was submitted to KDHE BER on April 6, 2020. Comments on the CBA report were received on April 27, 2020 and subsequently addressed. KDHE BER approved the CBA on July 1, 2020. The City is currently working with GHD as the project moves into additional phases that first includes a pre-design investigation and work plan to address findings from the Data Gap Study. The scope of work additionally includes installing new monitoring wells, containment wells, and submitting a Current Site Conditions Report with analytical information from the new monitoring wells. Once the Current Site Conditions Report is submitted, GHD will conduct a Remedial Alternative Workshop with key City personnel to evaluate the remedial options in the CBA report and determine which remedial alternatives are feasible to implement or pilot test. The scope of work is scheduled to take place during 2021. On February 2, 2021, the City commission approved the supplemental agreement to the Engineering Services Agreement with GHD.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Pollution Remediation (Continued)

Future steps, which may be preceded by pilot testing, will include development of a Remedial Design Plan and revisions to the Remedial Action Plan. Until pilot studies are completed on the remedial alternatives selected as result of the workshop, an estimate of the environmental remediation liability remains uncertain and therefore no liability has been recorded as of December 31, 2020.

Note 14. Economic Development

Property tax abatements: In 2020, the City of Lawrence participated in real property tax abatements for five 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.

Company	Commitments	Type & percent Abatement in 2020	Amount Abated in 2020
3840 Greenway Circle LLC/Screen-It Graphics (Grandstand)	Business relocation and expansion, job creation and retention	Real Property Taxes, 65%	\$118,075
Sunlite Science & Technology, Inc.	Business relocation and expansion, job creation and retention	Real Property Taxes, 50%	\$20,515
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%	\$446,678
VanTrust Building 1 ¹	Industrial spec building in Lawrence VenturePark	Real Property Taxes 70% (PILOT)	\$118,202
Plastikon Expansion Phase I & II	Business expansion, job creation and retention	Real Property Taxes, 70%	\$111,876

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Economic Development (Continued)

Neighborhood Revitalization Areas (NRA): During 2020, the City of Lawrence had eight established neighborhood revitalization areas. Six properties were eligible for an NRA rebate for the property taxes levied in 2020. 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.

The City of Lawrence negotiates NRAs on an individual basis. The City had the NRAs listed below in 2020:

Neighborhood Revitalization Area	Purpose	Duration- percent of Increment Subject to NRA	Rebate Amount in 2020
8th and Pennsylvania District: (720 E 9th Street)	Revitalization of historic warehouse district	95% - Note 1	\$15,723
1040 Vermont (Treanor Architect's Headquarters)	Redevelopment of vacant building into architectural headquarters/office space	10Y-95% in 2018 – Note 2	\$18,036
810/812 Pennsylvania (Cider Building)	Redevelopment of vacant, historic building into art gallery and commercial office space	10Y-95%	\$24,305
1106 Rhode Island (Hernly Architect's)	Rehab and development of vacant, historical structures into office and residential space	10Y-85%	\$12,156
1101/1115 Indiana (Mixed-Use, Student Housing)	Redevelopment of underutilized property for mixed-use commercial and residential space	10Y-85%	\$507,070
900 Delaware (9 Del Lofts)	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	\$33,298
826 Pennsylvania Street (Mixed-use, Commercial/Residential)	Rehab and redevelopment of dilapidated structure into mixed-use commercial & residential	10Y, 85% County, 50% City	\$73,408
Vermont Place (Mixed-use, Commercial/Residential)	Rehab and development of vacant lot into mixed-use commercial & residential	10Y-75%	Project had not commenced construction in 2020. NRA rebate to start with the first full tax year after project completion.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Economic Development (Continued)

Note 1—The 8th & 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.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Economic Development (Continued)

The City of Lawrence negotiates TIFs on an individual basis. The City had the TIFs listed below in 2020:

TIF District	Purpose	Expires	TIF Reimbursement Amount in 2020
Downtown 2000 Redevelopment (Original 9 th 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	\$106,994
The Oread: TIF Property Tax			\$368,131
9th & New Hampshire TIF District			
TIF Sales Tax: South Project (900 New Hampshire)	Fund public improvements for development of vacant parcel into mixed-use hotel with on-site, underground parking	2032	\$72,799
TIF Property Tax: South Project (900 New Hampshire)			\$314,525
TIF Sales Tax: North Project (888 New Hampshire)	Fund public improvements for redevelopment of property into mixed-use apartment and banking center with on-site, underground parking.	2034	\$112
TIF Property Tax: North Project (888 New Hampshire)			\$266,695
City retained 5% – Note 2	The City retains 5% of TIF revenues for the Arts Common project, up to \$900,000	2022	\$34,428

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 2020, the City had retained a total of \$157,203 in TIF revenue (\$3,880 in 2015, \$21,789 in 2016, \$24,386 in 2017, \$35,975 in 2018, \$36,745 in 2019 and \$34,428 in 2020).

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Economic Development (Continued)

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 2020.

TDD District	Purpose	Expires	TDD Reimbursement Amount in 2020
The Oread	Aid in funding transportation improvements related to The Oread Hotel TDD district.	2031	\$55,284
Free-State (Bauer Farms)	Aid in funding transportation improvements related to the Free-State TDD development district.	2031	\$330,379
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, 2020, the City had retained the entire amount of distributed 900 New Hampshire TDD tax revenue of \$30,880.

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. 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

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

- 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.
- 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.

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

Note 16. Restatement

During 2020, the Hospital increased its ownership interest in the Surgery Center to 70%. As the Hospital now holds a majority equity interest in the Surgery Center, in accordance with GASB Statement No. 90, *Majority Equity Interests*, the reporting entity changed to include the Surgery Center as a component unit of the Hospital that is discretely presented in the Hospital's financial statements and therefore, restated beginning net position. This resulted in a restatement of the City's aggregate discretely presented component units. The effects to the restatement are as follows:

	Aggregate Discretely Presented Component Units
Net position January 1, 2020, as previously reported	\$ 294,026,548
Net position January 1, 2020 Surgery Center	1,205,996
Net position January 1, 2020, as restated	<u>\$ 295,232,544</u>

Note 17. Subsequent Events

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021, for the purposes related to the COVID-19 Pandemic. The City has received approximately \$9.6 million from this source.

On April 6, 2021, the City issued \$29,740,000 in General Obligation Improvement Bonds, Series 2021A and \$22,605,000 in General Obligation Temporary Notes, Series 2021I. The bonds and notes were issued for the purpose of paying a portion of the cost of certain public improvement projects within the City.

City of Lawrence, Kansas

Required Supplementary Information

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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 898,426	\$ 681,971	\$ 701,279
Interest	521,767	483,736	410,745
Differences between expected and actual experience	(386,654)	993,023	-
Changes of assumptions	166,522	2,495,496	(147,396)
Benefit payments	(528,056)	(718,830)	(236,456)
Net change in total OPEB liability	672,005	3,935,396	728,172
Total OPEB liability—beginning	16,757,846	12,822,450	12,094,278
Total OPEB liability—ending	<u>\$ 17,429,851</u>	<u>\$ 16,757,846</u>	<u>\$ 12,822,450</u>
Covered payroll	<u>\$ 50,793,649</u>	<u>\$ 46,574,172</u>	<u>\$ 46,574,172</u>
Total OPEB liability as a percentage of covered payroll	34.32%	35.98%	27.53%

Notes to schedule:

2020 Changes of assumptions: The discount rate was changed from 3.50% at the beginning of the year to 1.96% at the end of the year. The scale used for the mortality assumption was changed from MP-2019 Full Generational Improvement to MP-2020 Full Generational Improvement. The assumed coverage tier distribution for future retiring employees was changed from Single – 65%, Single + Spouse – 25% and Family – 10% to 70%, 20% and 10% respectively. The assumed salary scale was changed from 2.5% – General employees, 1.5% – Police employees and 2.5% – Fire employees to 1.5% for all employees.

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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 107,158	\$ 108,334	\$ 107,683
Interest	70,045	69,119	66,254
Effect of economic/demographic gains	(331,807)	193,076	(23,557)
Changes of assumptions	151,873	37,534	(26,501)
Benefit payments	(200,611)	(182,614)	(195,792)
Net change in total OPEB liability	(203,342)	225,449	(71,913)
Total OPEB liability—beginning	1,993,559	1,768,110	1,840,023
Total OPEB liability—ending	<u>\$ 1,790,217</u>	<u>\$ 1,993,559</u>	<u>\$ 1,768,110</u>
Covered payroll	<u>\$ 29,075,960</u>	<u>\$ 26,579,520</u>	<u>\$ 27,873,554</u>
Total OPEB liability as a percentage of covered payroll	6.16%	7.50%	6.34%

Notes to schedule:

2020 Changes of assumptions: The discount rate was changed from 3.50% at the beginning of the year to 2.21% at the end of the year. This resulted in a increase of costs by \$151,873. The demographic assumptions have been updated based upon the most recent KPERS experience study. The discount rate was updated in accordance with the requirements of GASB Statement No. 75. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

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, 2020

	December 31,			
	Local	Police	Local	Police
	2020	and Firefighters	2019	and Firefighters
		2020		2019
City's proportion of the net pension liability	1.614%	4.550%	1.563%	4.629%
City's proportionate share of the net pension liability	\$ 27,985,700	\$ 56,108,274	\$ 21,845,415	\$ 46,853,480
City's covered payroll	\$ 30,497,900	\$ 25,004,984	\$ 28,798,716	\$ 25,785,226
City's proportionate share of the net pension liability as a percentage of its covered payroll	91.76%	224.39%	75.86%	181.71%
Plan fiduciary net position as a percentage of the total net pension liability	70.77%	66.81%	75.02%	71.22%

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, 2020

	December 31,			
	Local	Police	Local	Police
	2020	and Firefighters	2019	and Firefighters
		2020		2019
Contractually required contribution	\$ 2,670,841	\$ 5,638,072	\$ 2,497,226	\$ 5,232,406
Contributions in relation to the contractually required contribution	2,670,841	5,638,072	2,497,226	5,232,406
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 31,020,210	\$ 25,709,408	\$ 29,501,415	\$ 24,798,549
Contributions as a percentage of covered payroll	8.61%	21.93%	8.46%	21.10%

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

December 31,							
Local 2018	Police and Firefighters 2018	Local 2017	Police and Firefighters 2017	Local 2016	Police and Firefighters 2016	Local 2015	Police and Firefighters 2015
1.613%	4.889%	1.722%	5.130%	1.683%	4.954%	1.678%	5.068%
\$ 22,476,271	\$ 47,041,107	\$ 24,948,735	\$ 48,108,856	\$ 26,042,494	\$ 46,013,453	\$ 22,038,579	\$ 36,797,128
\$ 28,857,883	\$ 24,857,649	\$ 29,272,989	\$ 24,092,226	\$ 29,365,147	\$ 24,053,146	\$ 27,253,827	\$ 22,717,357
77.89%	189.24%	85.23%	199.69%	88.69%	191.30%	80.86%	161.98%
74.22%	71.53%	72.15%	70.99%	68.55%	69.30%	71.98%	74.60%

December 31,							
Local 2018	Police and Firefighters 2018	Local 2017	Police and Firefighters 2017	Local 2016	Police and Firefighters 2016	Local 2015	Police and Firefighters 2015
\$ 2,459,149	\$ 5,064,566	\$ 2,463,442	\$ 4,723,704	\$ 2,687,252	\$ 4,919,631	\$ 2,783,814	\$ 5,137,753
2,459,149	5,064,566	2,463,442	4,723,704	2,687,252	4,919,631	2,783,814	5,137,753
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 29,310,477	\$ 25,209,388	\$ 29,118,723	\$ 24,822,401	\$ 29,272,898	\$ 24,092,226	\$ 29,365,147	\$ 24,053,146
8.39%	20.09%	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

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

The following actuarial methods and assumptions were used in the December 31, 2019 valuation to determine the actuarially determined contribution.

Valuation timing	December 31, 2019
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

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. This fund was closed in to the General Fund during fiscal year 2020.

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.

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).

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).

Neighborhood Revitalization Areas Fund—This fund accounts for all property tax rebates issued to property owners within Neighborhood Revitalization Areas 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).

City of Lawrence, Kansas

Nonmajor Governmental Funds Special Revenue Funds

Budgeted Funds (Continued)

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).

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

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).

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).

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

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).

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).

City of Lawrence, Kansas

**Nonmajor Governmental Funds
Special Revenue Funds**

Nonbudgeted Funds (Continued)

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.

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	Guest Tax	Library	Transportation	Recreation	Special Alcohol	Special Gas Tax	Special Recreation
Assets							
Cash and investments	\$ 358,033	\$ 476,050	\$ 16,839,935	\$ -	\$ -	\$ 1,890,515	\$ 291,501
Receivables:							
Taxes	-	4,599,417	646,138	-	-	-	-
Intergovernmental	235,938	-	-	-	99,456	645,071	99,456
Accounts (net allowance for uncollectibles)	-	-	-	-	-	-	-
Loans	-	-	-	-	170,274	-	-
Accrued interest	1,315	-	59,050	-	-	7,574	851
Prepaid	-	-	15,365	-	-	-	369
Other assets	-	-	-	-	-	-	-
Restricted assets, cash and investments	-	-	-	-	-	-	-
Total assets	\$ 595,286	\$ 5,075,467	\$ 17,560,488	\$ -	\$ 269,730	\$ 2,543,160	\$ 392,177
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable	\$ 9,889	\$ -	\$ 281,655	\$ -	\$ 28,681	\$ 91,210	\$ 136,938
Accrued payroll	-	-	1,152	-	-	-	736
Customer deposits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	29,768	-	-
Unearned revenue	-	446,725	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-
Total liabilities	9,889	446,725	282,807	-	58,449	91,210	137,674
Deferred inflows of resources, unavailable revenue	-	4,599,417	-	-	269,730	-	99,456
Total deferred inflows of resources	-	4,599,417	-	-	269,730	-	99,456
Total liabilities and deferred inflows of resources	9,889	5,046,142	282,807	-	328,179	91,210	237,130
Fund balance:							
Nonspendable	-	-	15,365	-	-	-	369
Restricted	585,397	29,325	17,262,316	-	-	2,451,950	154,678
Unassigned	-	-	-	-	(58,449)	-	-
Total fund balance (deficit)	585,397	29,325	17,277,681	-	(58,449)	2,451,950	155,047
Total liabilities, deferred inflows of resources and fund balances	\$ 595,286	\$ 5,075,467	\$ 17,560,488	\$ -	\$ 269,730	\$ 2,543,160	\$ 392,177

Airport Improvement	Capital Improvement Reserve	Equipment Reserve	Free State TDD	Oread TDD/TIF	9 NH South TDD/TIF	901 NH TIF	Neighborhood Revitalization Areas
\$ 566,744	\$ 11,553,899	\$ 1,860,299	\$ 27,147	\$ 122,304	\$ 396,162	\$ 114,452	\$ 1,268
-	885,874	83,333	63,082	21,799	9,007	-	-
-	-	5,109	-	-	-	-	-
35,231	188,031	-	-	3,509	1,405	-	-
-	-	-	-	-	-	-	-
2,079	39,466	6,127	-	-	-	-	-
-	-	156,065	-	-	-	-	-
-	-	-	-	-	-	-	-
5,725	-	-	-	-	-	-	-
<u>\$ 609,779</u>	<u>\$ 12,667,270</u>	<u>\$ 2,110,933</u>	<u>\$ 90,229</u>	<u>\$ 147,612</u>	<u>\$ 406,574</u>	<u>\$ 114,452</u>	<u>\$ 1,268</u>

\$ 24,066	\$ 1,897,085	\$ 1,076,146	\$ 27,046	\$ 16,527	\$ 7,480	\$ -	\$ -
2,094	-	-	-	-	-	-	-
5,725	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>31,885</u>	<u>1,897,085</u>	<u>1,076,146</u>	<u>27,046</u>	<u>16,527</u>	<u>7,480</u>	<u>-</u>	<u>-</u>

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

<u>31,885</u>	<u>1,897,085</u>	<u>1,076,146</u>	<u>27,046</u>	<u>16,527</u>	<u>7,480</u>	<u>-</u>	<u>-</u>
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-	-	156,065	-	-	-	-	-
577,894	10,770,185	878,722	63,183	131,085	399,094	114,452	1,268
-	-	-	-	-	-	-	-
<u>577,894</u>	<u>10,770,185</u>	<u>1,034,787</u>	<u>63,183</u>	<u>131,085</u>	<u>399,094</u>	<u>114,452</u>	<u>1,268</u>

<u>\$ 609,779</u>	<u>\$ 12,667,270</u>	<u>\$ 2,110,933</u>	<u>\$ 90,229</u>	<u>\$ 147,612</u>	<u>\$ 406,574</u>	<u>\$ 114,452</u>	<u>\$ 1,268</u>
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(Continued)

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2020

	9 NH North TDD/TIF	City Parks Memorial	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship
Assets								
Cash and investments	\$ 50,012	\$ 89,128	\$ -	\$ 15,223	\$ 12	\$ 1,026,560	\$ -	\$ 95,108
Receivables:								
Taxes	78	-	-	-	-	161,535	-	-
Intergovernmental	-	-	-	-	-	-	2,617,321	-
Accounts (net allowance for uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Accrued interest	-	299	8,628	-	-	3,998	-	325
Prepaid expense	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Restricted assets,								
cash and investments	-	-	2,446,516	-	-	-	-	24,000
Total assets	\$ 50,090	\$ 89,427	\$ 2,455,144	\$ 15,223	\$ 12	\$ 1,192,093	\$ 2,617,321	\$ 119,433
Liabilities, deferred inflows of resources and fund balances								
Liabilities:								
Accounts payable	\$ -	\$ 19	\$ 8,245	\$ 5	\$ -	\$ 253	\$ 847,109	\$ 27
Accrued payroll	-	-	-	-	-	-	17,737	-
Customer deposits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	1,411,096	-
Unearned revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	19	8,245	5	-	253	2,275,942	27
Deferred inflows of resources,								
unavailable revenue	-	-	-	-	-	-	4,055	-
Total deferred inflows of resources	-	-	-	-	-	-	4,055	-
Total liabilities and deferred inflows of resources	-	19	8,245	5	-	253	2,279,997	27
Fund balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	50,090	89,408	2,446,899	15,218	12	1,191,840	337,324	119,406
Unassigned	-	-	-	-	-	-	-	-
Total fund balance (deficit)	50,090	89,408	2,446,899	15,218	12	1,191,840	337,324	119,406
Total liabilities, deferred inflows of resources and fund balances	\$ 50,090	\$ 89,427	\$ 2,455,144	\$ 15,223	\$ 12	\$ 1,192,093	\$ 2,617,321	\$ 119,433

Fair Housing Assistance	Community Development	Home Program	Transportation Planning	eXplore Lawrence	Lawrence Parks & Recreation Endowment	Law Enforcement Trust	Total Nonmajor Governmental Funds
\$ 242,537	\$ 18,952	\$ -	\$ -	\$ 144,531	\$ -	\$ 214,476	\$ 36,394,848
-	-	-	-	-	-	-	6,470,263
-	203,143	41,855	74,760	-	-	-	4,022,109
-	1,951	-	-	-	-	-	230,127
-	236,340	-	-	-	-	-	406,614
523	-	-	-	-	-	859	131,094
-	-	-	1,851	4,349	-	-	177,999
-	-	-	-	96,457	-	-	96,457
-	-	-	-	201,639	58,047	-	2,735,927
<u>\$ 243,060</u>	<u>\$ 460,386</u>	<u>\$ 41,855</u>	<u>\$ 76,611</u>	<u>\$ 446,976</u>	<u>\$ 58,047</u>	<u>\$ 215,335</u>	<u>\$ 50,665,438</u>

\$ 30	\$ 190,777	\$ 19,843	\$ 1,909	\$ 3,362	\$ -	\$ 51	\$ 4,668,353
391	3,756	1,163	6,414	-	-	-	33,443
-	-	-	-	-	-	-	5,725
-	-	12,260	88,385	-	-	-	1,541,509
29,213	236,340	-	-	-	-	-	712,278
-	-	-	-	149,900	-	-	149,900
<u>29,634</u>	<u>430,873</u>	<u>33,266</u>	<u>96,708</u>	<u>153,262</u>	<u>-</u>	<u>51</u>	<u>7,111,208</u>

-	-	-	-	-	-	-	4,972,658
-	-	-	-	-	-	-	4,972,658

29,634	430,873	33,266	96,708	153,262	-	51	12,083,866
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-	-	-	1,851	4,349	-	-	177,999
213,426	29,513	8,589	-	289,365	58,047	215,284	38,483,970
-	-	-	(21,948)	-	-	-	(80,397)
<u>213,426</u>	<u>29,513</u>	<u>8,589</u>	<u>(20,097)</u>	<u>293,714</u>	<u>58,047</u>	<u>215,284</u>	<u>38,581,572</u>

<u>\$ 243,060</u>	<u>\$ 460,386</u>	<u>\$ 41,855</u>	<u>\$ 76,611</u>	<u>\$ 446,976</u>	<u>\$ 58,047</u>	<u>\$ 215,335</u>	<u>\$ 50,665,438</u>
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City of Lawrence, Kansas

Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
Nonmajor Governmental Funds
Year Ended December 31, 2020

	Guest Tax	Library	Transportation	Recreation	Special Alcohol	Special Gas Tax	Special Recreation
Revenues							
Taxes	\$ -	\$ 4,734,141	\$ 3,648,856	\$ 2,340,250	\$ -	\$ -	\$ -
Charges for services	-	-	270,145	752,562	9,092	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Interest	17,270	1,637	266,888	11,997	6,336	26,262	4,730
Intergovernmental	923,626	-	-	-	535,545	2,715,965	535,545
Reimbursements	-	-	-	-	-	-	-
Miscellaneous	-	-	-	105,948	-	-	-
Total revenues	940,896	4,735,778	4,185,889	3,210,757	550,973	2,742,227	540,275
Expenditures							
General government	-	4,782,000	3,461,096	-	-	-	-
Public safety	-	-	-	-	884,418	-	-
Public works	-	-	-	-	-	3,020,138	-
Health	-	-	-	-	-	-	-
Social service	-	-	-	-	-	-	-
Culture and recreation	-	-	-	4,918,790	-	-	795,073
Tourism	526,840	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	78,177	-	49,384	4,554
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	2,280	-	-	-	-	-	-
Total expenditures	529,120	4,782,000	3,461,096	4,996,967	884,418	3,069,522	799,627
Excess (deficiency) of revenues over expenditures	411,776	(46,222)	724,793	(1,786,210)	(333,445)	(327,295)	(259,352)
Other financing sources (uses):							
Sale of property - proceeds received	-	-	4,100	-	-	-	-
Transfers in	-	-	10,000	807,388	-	-	-
Transfers out	(498,000)	-	-	-	-	-	-
Total other financing sources (uses)	(498,000)	-	14,100	807,388	-	-	-
Net change in fund balance	(86,224)	(46,222)	738,893	(978,822)	(333,445)	(327,295)	(259,352)
Fund balance (deficit), beginning of year	671,621	75,547	16,538,788	978,822	274,996	2,779,245	414,399
Fund balance (deficit), end of year	\$ 585,397	\$ 29,325	\$ 17,277,681	\$ -	\$ (58,449)	\$ 2,451,950	\$ 155,047

Airport Improvement	Capital Improvement Reserve	Equipment Reserve	Free State TDD	Oread TDD/TIF	9 NH South TDD/TIF	901 NH TIF	Neighborhood Revitalization Areas	9 NH North TDD/TIF
\$ -	\$ 4,973,283	\$ 500,000	\$ 343,758	\$ 518,800	\$ 425,937	\$ 142,335	\$ 686,676	\$ 280,748
182,073	-	-	-	-	-	-	-	-
-	-	28,397	-	-	-	-	-	-
10,967	163,685	43,760	26	438	1,192	46	138	351
-	1,648,326	-	-	-	-	-	-	-
-	562,331	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
193,040	7,347,625	572,157	343,784	519,238	427,129	142,381	686,814	281,099
-	-	1,372,516	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
194,175	4,989,177	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	5,788	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	330,920	530,409	387,324	28,085	686,576	266,805
8,470	1,002,411	1,279,636	-	-	-	-	-	-
-	49,669	-	-	-	-	-	-	-
-	955	-	-	-	-	-	-	-
202,645	6,042,212	2,657,940	330,920	530,409	387,324	28,085	686,576	266,805
(9,605)	1,305,413	(2,085,783)	12,864	(11,171)	39,805	114,296	238	14,294
-	13,000	-	-	-	-	-	-	-
367,500	-	460,000	-	-	-	-	-	-
-	(200,000)	-	-	-	-	-	-	-
367,500	(187,000)	460,000	-	-	-	-	-	-
357,895	1,118,413	(1,625,783)	12,864	(11,171)	39,805	114,296	238	14,294
219,999	9,651,772	2,660,570	50,319	142,256	359,289	156	1,030	35,796
\$ 577,894	\$ 10,770,185	\$ 1,034,787	\$ 63,183	\$ 131,085	\$ 399,094	\$ 114,452	\$ 1,268	\$ 50,090

(Continued)

City of Lawrence, Kansas

Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds (Continued)
Nonmajor Governmental Funds
Year Ended December 31, 2020

	City Parks Memorial	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 912,214	\$ -	\$ -
Charges for services	-	-	11,600	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Interest	1,999	20,702	-	-	18,482	-	1,896
Intergovernmental	-	-	-	-	-	12,060,567	-
Reimbursements	162	125	-	-	-	-	-
Miscellaneous	12,112	-	-	-	-	-	1,039
Total revenues	14,273	20,827	11,600	-	930,696	12,060,567	2,935
Expenditures							
General government	-	-	-	-	-	3,866,541	-
Public safety	-	-	-	-	-	1,048,103	-
Public works	-	9,463	-	-	-	28,249	-
Health	-	-	-	-	-	209,624	-
Social service	-	-	-	-	1,179,418	-	-
Culture and recreation	10,058	-	27	-	-	277,047	8,610
Tourism	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay	-	148,682	-	-	-	6,280,457	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	10,058	158,145	27	-	1,179,418	11,710,021	8,610
Excess (deficiency) of revenues over expenditures	4,215	(137,318)	11,573	-	(248,722)	350,546	(5,675)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	350,000	-	-
Transfers out	(845)	-	-	-	-	(15,010)	-
Total other financing sources (uses)	(845)	-	-	-	350,000	(15,010)	-
Net change in fund balance	3,370	(137,318)	11,573	-	101,278	335,536	(5,675)
Fund balance (deficit), beginning of year	86,038	2,584,217	3,645	12	1,090,562	1,788	125,081
Fund balance (deficit), end of year	\$ 89,408	\$ 2,446,899	\$ 15,218	\$ 12	\$ 1,191,840	\$ 337,324	\$ 119,406

Fair Housing Assistance	Community Development	Home Program	Transportation Planning	eXplore Lawrence	Lawrence Parks & Recreation Endowment	Law Enforcement Trust	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,506,998
-	-	-	-	17,313	-	-	1,242,785
-	-	-	-	-	-	-	28,397
1,094	-	-	-	1,529	13,698	2,264	617,387
24,587	935,886	314,521	220,039	-	-	-	19,914,607
-	6,286	-	-	-	-	-	568,904
-	94,033	10,071	-	535,350	1,081	60,906	820,540
25,681	1,036,205	324,592	220,039	554,192	14,779	63,170	42,699,618
-	-	-	210,273	-	-	-	13,692,426
-	-	-	-	-	-	201	1,932,722
-	-	-	-	-	-	-	8,241,202
-	-	-	-	-	-	-	209,624
13,882	1,265,919	323,607	-	-	-	-	2,782,826
-	-	-	-	-	503	-	6,015,896
-	-	-	-	1,132,026	-	-	1,658,866
-	-	-	-	-	-	-	2,230,119
-	-	-	-	-	-	-	8,851,771
-	-	-	-	-	-	-	49,669
-	-	-	-	-	-	-	3,235
13,882	1,265,919	323,607	210,273	1,132,026	503	201	45,668,356
11,799	(229,714)	985	9,766	(577,834)	14,276	62,969	(2,968,738)
-	-	-	-	-	-	-	17,100
-	2,510	-	-	498,000	-	-	2,495,398
-	-	-	-	-	-	-	(713,855)
-	2,510	-	-	498,000	-	-	1,798,643
11,799	(227,204)	985	9,766	(79,834)	14,276	62,969	(1,170,095)
201,627	256,717	7,604	(29,863)	373,548	43,771	152,315	39,751,667
\$ 213,426	\$ 29,513	\$ 8,589	\$ (20,097)	\$ 293,714	\$ 58,047	\$ 215,284	\$ 38,581,572

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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 10,979,000	\$ 10,935,000	\$ 11,005,554	\$ 70,554
Special assessment	-	569,000	1,259,163	690,163
Interest	69,000	300,000	162,695	(137,305)
Charges for Services	545,000	627,000	-	(627,000)
Intergovernmental	-	-	100,000	100,000
Miscellaneous	325,000	325,000	142,659	(182,341)
Total revenues	11,918,000	12,756,000	12,670,071	(85,929)
Expenditures				
Principal retirement	8,589,000	16,869,000	15,658,000	(1,211,000)
Interest and fiscal charges	3,994,000	4,065,000	4,053,991	(11,009)
Total expenditures	12,583,000	20,934,000	19,711,991	(1,222,009)
Excess (deficiency) of revenues over (under) expenditures	(665,000)	(8,178,000)	(7,041,920)	1,136,080
Other financing sources (uses):				
Issuance of debt	-	-	5,775,000	5,775,000
Issuance of refunding debt	-	-	2,325,000	2,325,000
Issuance of debt premium	-	-	354,474	354,474
Transfers in	1,368,000	2,386,000	51,000	(2,335,000)
Total other financing sources (uses)	1,368,000	2,386,000	8,505,474	6,119,474
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 703,000	\$ (5,792,000)	1,463,554	\$ 7,255,554
Fund balance, beginning of year			12,491,540	
Fund balance, end of year			<u>\$ 13,955,094</u>	

City of Lawrence, Kansas

Guest Tax Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,812,000	\$ 850,000	\$ 923,627	\$ 73,627
Interest	2,000	6,000	17,270	11,270
Total revenues	1,814,000	856,000	940,897	84,897
Expenditures				
Tourism - contractual services				
Personal services	284,000	279,000	272,393	(6,607)
Contractual services	1,396,000	752,000	680,441	(71,559)
Commodities	30,000	26,000	25,167	(833)
Debt Service				
Interest and fiscal charges	-	-	2,280	2,280
Total expenditures	1,710,000	1,057,000	980,281	(76,719)
Excess (deficiency) of revenues over (under) expenditures	104,000	(201,000)	(39,384)	161,616
Other financing sources (uses), transfers out	(210,000)	-	-	-
Total other financing sources (uses)	(210,000)	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ (106,000)	\$ (201,000)	(39,384)	\$ 161,616
Fund balance, beginning of year, GAAP basis			671,621	
Fund balance, end of year, budget basis			632,237	
Adjustments, encumbrances			(46,840)	
Fund balance, end of year, GAAP basis			<u>\$ 585,397</u>	

City of Lawrence, Kansas

Library Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,782,000	\$ 4,782,000	\$ 4,734,141	\$ (47,859)
Interest	-	-	1,637	1,637
Total revenues	<u>4,782,000</u>	<u>4,782,000</u>	<u>4,735,778</u>	<u>(46,222)</u>
Expenditures				
General government, contractual services	<u>4,782,000</u>	<u>4,782,000</u>	<u>4,782,000</u>	<u>-</u>
Total expenditures	<u>4,782,000</u>	<u>4,782,000</u>	<u>4,782,000</u>	<u>-</u>
(Deficiency) of revenues (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(46,222)</u>	<u>\$ (46,222)</u>
Fund balance, beginning of year			<u>75,547</u>	
Fund balance, end of year			<u>\$ 29,325</u>	

City of Lawrence, Kansas

Transportation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,482,000	\$ 3,349,000	\$ 3,648,856	\$ 299,856
Charges for services	481,000	355,000	270,145	(84,855)
Interest	42,000	300,000	266,888	(33,112)
Total revenues	5,005,000	4,004,000	4,185,889	181,889
Expenditures				
General government				
Personal services	140,000	101,000	104,671	3,671
Contractual service	4,145,000	4,100,000	2,614,080	(1,485,920)
Commodities	802,000	933,000	600,902	(332,098)
Capital Outlay	4,150,000	30,000	-	(30,000)
Total expenditures	9,237,000	5,164,000	3,319,653	(1,844,347)
Excess (deficiency) of revenues over (under) expenditures	(4,232,000)	(1,160,000)	866,236	2,026,236
Other financing sources (uses):				
Sale of property - proceeds received	-	-	4,100	4,100
Transfers in	-	-	10,000	10,000
Total other financing sources (uses)	-	-	14,100	14,100
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (4,232,000)</u>	<u>\$ (1,160,000)</u>	880,336	<u>\$ 2,040,336</u>
Fund balance, beginning of year, GAAP basis			16,538,788	
Fund balance, end of year, budget basis			17,419,124	
Adjustments, encumbrances			<u>(141,443)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 17,277,681</u>	

City of Lawrence, Kansas

Recreation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ 2,340,250	\$ 2,340,250
Charges for services	2,956,000	1,435,000	752,562	(682,438)
Interest	4,000	4,000	11,997	7,997
Miscellaneous	412,000	36,000	105,948	69,948
Total revenues	3,372,000	1,475,000	3,210,757	1,735,757
Expenditures				
Culture and recreation				
Personal services	4,572,000	4,221,000	3,825,608	(395,392)
Contractual service	1,166,000	1,103,000	761,676	(341,324)
Commodities	392,000	420,000	272,430	(147,570)
Other	-	-	13,134	13,134
Capital Outlay	90,000	78,000	78,177	177
Total expenditures	6,220,000	5,822,000	4,951,025	(870,975)
Excess (deficiency) of revenues over (under) expenditures	(2,848,000)	(4,347,000)	(1,740,268)	2,606,732
Other financing sources (uses), transfers in	2,553,000	3,441,000	807,388	(2,633,612)
Total other financing sources (uses)	2,553,000	3,441,000	807,388	(2,633,612)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ (295,000)	\$ (906,000)	(932,880)	\$ (26,880)
Fund balance, beginning of year, GAAP basis			978,822	
Fund balance, end of year, budget basis			45,942	
Adjustments, encumbrances			(45,942)	
Fund balance, end of year, GAAP basis			\$ -	

City of Lawrence, Kansas

Special Alcohol Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 825,000	\$ 783,000	\$ 535,544	\$ (247,456)
Interest	1,000	2,000	6,336	4,336
Miscellaneous	-	-	9,092	9,092
Total revenues	<u>826,000</u>	<u>785,000</u>	<u>550,972</u>	<u>(234,028)</u>
Expenditures				
Public safety, contractual services	<u>826,000</u>	<u>826,000</u>	<u>816,741</u>	<u>(9,259)</u>
Total expenditures	<u>826,000</u>	<u>826,000</u>	<u>816,741</u>	<u>(9,259)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ -</u>	<u>\$ (41,000)</u>	<u>(265,769)</u>	<u>\$ (224,769)</u>
Fund balance, beginning of year, GAAP basis			<u>274,996</u>	
Fund balance, end of year, budget basis			9,227	
Adjustments, encumbrances			<u>(67,676)</u>	
Fund deficit, end of year, GAAP basis			<u>\$ (58,449)</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, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 2,888,000	\$ 1,632,000	\$ 2,715,965	\$ 1,083,965
Interest	9,000	40,000	26,262	(13,738)
Miscellaneous	2,000	-	-	-
Total revenues	<u>2,899,000</u>	<u>1,672,000</u>	<u>2,742,227</u>	<u>1,070,227</u>
Expenditures				
Public works				
Personal services	2,021,000	1,988,000	1,877,996	(110,004)
Contractual service	164,000	153,200	230,234	77,034
Commodities	513,000	775,800	674,483	(101,317)
Capital outlay	484,000	233,000	49,384	(183,616)
Total expenditures	<u>3,182,000</u>	<u>3,150,000</u>	<u>2,832,097</u>	<u>(317,903)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (283,000)</u>	<u>\$ (1,478,000)</u>	<u>(89,870)</u>	<u>\$ 1,388,130</u>
Fund balance, beginning of year, GAAP basis			<u>2,779,245</u>	
Fund balance, end of year, budget basis			2,689,375	
Adjustments, encumbrances			<u>(237,425)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 2,451,950</u>	

City of Lawrence, Kansas
Special Recreation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 825,000	\$ 783,000	\$ 535,545	\$ (247,455)
Interest	3,000	3,000	4,730	1,730
Total revenues	<u>828,000</u>	<u>786,000</u>	<u>540,275</u>	<u>(245,725)</u>
Expenditures				
Culture and recreation				
Personal services	110,000	120,000	116,733	(3,267)
Contractual service	661,000	603,000	535,635	(67,365)
Commodities	112,000	160,000	127,018	(32,982)
Capital outlay	-	-	4,554	4,554
Total expenditures	<u>883,000</u>	<u>883,000</u>	<u>783,940</u>	<u>(99,060)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ (55,000)</u>	<u>\$ (97,000)</u>	<u>(243,665)</u>	<u>\$ (146,665)</u>
Fund balance, beginning of year, GAAP basis			<u>414,399</u>	
Fund balance, end of year, budget basis			170,734	
Adjustments, encumbrances			<u>(15,687)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 155,047</u>	

City of Lawrence, Kansas

Free State TDD Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 273,000	\$ 273,000	\$ 343,758	\$ 70,758
Interest	-	-	26	26
Total revenues	<u>273,000</u>	<u>273,000</u>	<u>343,784</u>	<u>70,784</u>
Expenditures				
Economic development, contractual service	<u>273,000</u>	<u>304,000</u>	<u>330,920</u>	<u>26,920</u>
Total expenditures	<u>273,000</u>	<u>304,000</u>	<u>330,920</u>	<u>26,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (31,000)</u>	<u>12,864</u>	<u>\$ 43,864</u>
Fund balance, beginning of year			<u>50,319</u>	
Fund balance, end of year			<u>\$ 63,183</u>	

City of Lawrence, Kansas

Oread TDD/TIF Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 680,000	\$ 680,000	\$ 518,800	\$ (161,200)
Interest	-	-	438	438
Total revenues	<u>680,000</u>	<u>680,000</u>	<u>519,238</u>	<u>(160,762)</u>
Expenditures				
Economic development, contractual service	<u>680,000</u>	<u>680,000</u>	<u>530,409</u>	<u>(149,591)</u>
Total expenditures	<u>680,000</u>	<u>680,000</u>	<u>530,409</u>	<u>(149,591)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(11,171)</u>	<u>\$ (11,171)</u>
Fund balance, beginning of year			<u>142,256</u>	
Fund balance, end of year			<u>\$ 131,085</u>	

City of Lawrence, Kansas
9 NH South TDD/TIF Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 597,000	\$ 597,000	\$ 414,679	\$ (182,321)
Intergovernmental	28,000	28,000	11,258	(16,742)
Interest	-	-	1,192	1,192
Total revenues	<u>625,000</u>	<u>625,000</u>	<u>427,129</u>	<u>(197,871)</u>
Expenditures				
Economic development, contractual service	<u>625,000</u>	<u>594,000</u>	<u>387,324</u>	<u>(206,676)</u>
Total expenditures	<u>625,000</u>	<u>594,000</u>	<u>387,324</u>	<u>(206,676)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 31,000</u>	<u>39,805</u>	<u>\$ 8,805</u>
Fund balance, beginning of year			<u>359,289</u>	
Fund balance, end of year			<u>\$ 399,094</u>	

City of Lawrence, Kansas

901 NH TIF Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 29,000	\$ 29,000	\$ 142,335	\$ 113,335
Interest	-	-	46	46
Total revenues	<u>29,000</u>	<u>29,000</u>	<u>142,381</u>	<u>113,381</u>
Expenditures				
Economic development, contractual service	<u>29,000</u>	<u>29,000</u>	<u>28,085</u>	<u>(915)</u>
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>28,085</u>	<u>(915)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>114,296</u>	<u>\$ 114,296</u>
Fund balance, beginning of year			<u>156</u>	
Fund balance, end of year			<u>\$ 114,452</u>	

City of Lawrence, Kansas
Neighborhood Revitalization Areas Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 16,000	\$ 691,000	\$ 686,676	\$ (4,324)
Interest	-	-	138	138
Total revenues	<u>16,000</u>	<u>691,000</u>	<u>686,814</u>	<u>(4,186)</u>
Expenditures				
Economic development, contractual service	<u>16,000</u>	<u>688,000</u>	<u>686,576</u>	<u>(1,424)</u>
Total expenditures	<u>16,000</u>	<u>688,000</u>	<u>686,576</u>	<u>(1,424)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 3,000</u>	<u>238</u>	<u>\$ (2,762)</u>
Fund balance, beginning of year			<u>1,030</u>	
Fund balance, end of year			<u>\$ 1,268</u>	

City of Lawrence, Kansas
9 NH North TDD/TIF Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 265,000	\$ 265,000	\$ 280,748	\$ 15,748
Interest	-	-	351	351
Total revenues	<u>265,000</u>	<u>265,000</u>	<u>281,099</u>	<u>16,099</u>
Expenditures				
Economic development, contractual service	<u>265,000</u>	<u>268,000</u>	<u>266,805</u>	<u>(1,195)</u>
Total expenditures	<u>265,000</u>	<u>268,000</u>	<u>266,805</u>	<u>(1,195)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (3,000)</u>	<u>14,294</u>	<u>\$ 17,294</u>
Fund balance, beginning of year			<u>35,796</u>	
Fund balance, end of year			<u>\$ 50,090</u>	

City of Lawrence, Kansas
1040 Vermont LLC NRA Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 30,000	\$ -	\$ -	\$ -
Total revenues	30,000	-	-	-
Expenditures				
Economic development, contractual service	30,000	-	-	-
Total expenditures	30,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

City of Lawrence, Kansas
810/812 Penn NRA Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 30,000	\$ -	\$ -	\$ -
Total revenues	30,000	-	-	-
Expenditures				
Economic development, contractual service	30,000	-	-	-
Total expenditures	30,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

City of Lawrence, Kansas
900 Delaware Street NRA Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 36,000	\$ -	\$ -	\$ -
Total revenues	36,000	-	-	-
Expenditures				
Economic development, contractual service	36,000	-	-	-
Total expenditures	36,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

City of Lawrence, Kansas

1101/1115 Indiana Street NRA Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 499,000	\$ -	\$ -	\$ -
Total revenues	499,000	-	-	-
Expenditures				
Economic development, contractual service	499,000	-	-	-
Total expenditures	499,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

City of Lawrence, Kansas
826 Pennsylvania Street NRA Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 67,000	\$ -	\$ -	\$ -
Total revenues	67,000	-	-	-
Expenditures				
Economic development, contractual service	67,000	-	-	-
Total expenditures	67,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year			-	
Fund balance, end of year			<u>\$ -</u>	

City of Lawrence, Kansas
City Parks Memorial Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ -	\$ -	\$ 1,999	\$ 1,999
Miscellaneous	15,000	15,000	12,274	(2,726)
Total revenues	15,000	15,000	14,273	(727)
Expenditures				
Culture and recreation				
Contractual service	12,000	12,000	10,058	(1,942)
Commodities	3,000	3,000	-	(3,000)
Total expenditures	15,000	15,000	10,058	(4,942)
Excess of revenues over expenditures	-	-	4,215	4,215
Other financing sources (uses), transfers out	-	-	(845)	(845)
Total other financing sources (uses)	-	-	(845)	(845)
Excess of revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	3,370	<u>\$ 3,370</u>
Fund balance, beginning of year			<u>86,038</u>	
Fund balance, end of year			<u>\$ 89,408</u>	

City of Lawrence, Kansas
Farmland Remediation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ 10,000	\$ 30,000	\$ 20,702	\$ (9,298)
Miscellaneous	-	-	125	125
Total revenues	<u>10,000</u>	<u>30,000</u>	<u>20,827</u>	<u>(9,173)</u>
Expenditures				
Public works				
Personal Services	60,000	60,000	44,356	(15,644)
Contractual Services	508,000	512,000	73,090	(438,910)
Commodities	27,000	27,000	6,788	(20,212)
Capital Outlay	875,000	875,000	-	(875,000)
Total expenditures	<u>1,470,000</u>	<u>1,474,000</u>	<u>124,234</u>	<u>(1,349,766)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,460,000)</u>	<u>\$ (1,444,000)</u>	<u>\$ (103,407)</u>	<u>\$ 1,340,593</u>
 Fund balance, beginning of year, GAAP basis			<u>2,584,217</u>	
 Fund balance, end of year, budget basis			2,480,810	
Adjustments, encumbrances			<u>(33,911)</u>	
 Fund balance, end of year, GAAP basis			<u>\$ 2,446,899</u>	

City of Lawrence, Kansas
Cemetery Perpetual Care Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for Services	\$ 10,000	\$ -	\$ 11,600	\$ 11,600
Total revenues	10,000	-	11,600	11,600
Expenditures				
Culture and recreation, contractual services	5,000	2,000	27	(1,973)
Total expenditures	5,000	2,000	27	(1,973)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,000</u>	<u>\$ (2,000)</u>	<u>\$ 11,573</u>	<u>\$ 13,573</u>
Fund balance, beginning of year			<u>3,645</u>	
Fund balance, end of year			<u><u>\$ 15,218</u></u>	

City of Lawrence, Kansas
Housing Trust Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 924,000	\$ 614,000	\$ 912,214	\$ 298,214
Interest	1,000	15,000	18,482	3,482
Total revenues	<u>925,000</u>	<u>629,000</u>	<u>930,696</u>	<u>301,696</u>
Expenditures				
Social service, contractual Services	1,275,000	1,376,000	954,417	(421,583)
Total expenditures	<u>1,275,000</u>	<u>1,376,000</u>	<u>954,417</u>	<u>(421,583)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(350,000)</u>	<u>(747,000)</u>	<u>(23,721)</u>	<u>723,279</u>
Other financing sources (uses), transfers in	350,000	350,000	350,000	-
Total other financing sources (uses)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ -</u>	<u>\$ (397,000)</u>	<u>326,279</u>	<u>\$ 723,279</u>
Fund balance, beginning of year, GAAP basis			<u>1,090,562</u>	
Fund balance, end of year, budget basis			1,416,841	
Adjustments, encumbrances			<u>(225,001)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 1,191,840</u>	

City of Lawrence, Kansas
Law Enforcement Trust Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 1,000	\$ 2,000	\$ 2,264	\$ 264
Miscellaneous	58,000	-	60,906	60,906
Total revenues	59,000	2,000	63,170	61,170
Expenditures				
Public safety				
Contractual services	40,000	40,000	201	(39,799)
Commodities	10,000	10,000	-	(10,000)
Total expenditures	50,000	50,000	201	(49,799)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,000</u>	<u>\$ (48,000)</u>	62,969	<u>\$ 110,969</u>
Fund balance, beginning of year			152,315	
Fund balance, end of year			<u>\$ 215,284</u>	

City of Lawrence, Kansas

Nonmajor Proprietary Funds

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

Public Parking 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. This fund was closed in to the General Fund during fiscal year 2020.

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, 2020

	Public Parking	Golf Course	Storm Water Utility	Total Nonmajor Proprietary Funds
Assets and deferred outflows of resources				
Current assets:				
Cash and investments	\$ 870,365	\$ -	\$ 5,037,905	\$ 5,908,270
Receivables (net of allowance for uncollectibles)				
Accounts	13,146	-	601,891	615,037
Accrued interest	3,005	-	17,158	20,163
Prepaid	511	-	1,762	2,273
Total current assets	887,027	-	5,658,716	6,545,743
Noncurrent assets, property held for resale	-	-	221,022	221,022
Capital assets:				
Land	479,055	-	1,845,491	2,324,546
Construction in progress	7,280	-	-	7,280
Building and improvements	3,844,229	-	14,999	3,859,228
Equipment	69,152	-	3,161,534	3,230,686
Infrastructure	-	-	17,640,237	17,640,237
Less: accumulated depreciation	(3,906,697)	-	(9,022,679)	(12,929,376)
Total capital assets	493,019	-	13,639,582	14,132,601
Total noncurrent assets	493,019	-	13,860,604	14,353,623
Total assets	1,380,046	-	19,519,320	20,899,366
Deferred outflows of resources:				
Pension related amounts	112,068	-	145,556	257,624
OPEB related amounts	38,399	-	53,759	92,158
Total deferred outflows of resources	150,467	-	199,315	349,782
Total assets and deferred outflows of resources	1,530,513	-	19,718,635	21,249,148
Liabilities and deferred inflows of resources				
Current liabilities:				
Accounts payable	\$ 17,145	\$ -	\$ 114,768	\$ 131,913
Accrued payroll	18,918	-	24,195	43,113
Compensated absences	30,091	-	55,183	85,274
Total current liabilities	66,154	-	194,146	260,300
Noncurrent liabilities:				
Compensated absences	36,779	-	67,445	104,224
Net pension liability	419,894	-	545,367	965,261
Total OPEB liability	221,940	-	310,717	532,657
Total noncurrent liabilities	678,613	-	923,529	1,602,142
Total liabilities	744,767	-	1,117,675	1,862,442
Deferred inflows of resources:				
Pension related amounts	21,117	-	27,428	48,545
OPEB related amounts	9,609	-	13,451	23,060
Total deferred inflows of resources	30,726	-	40,879	71,605
Total liabilities and deferred inflows of resources	775,493	-	1,158,554	1,934,047
Net position				
Net investment in capital assets	\$ 493,019	\$ -	\$ 13,639,582	\$ 14,132,601
Unrestricted	262,001	-	4,920,499	5,182,500
Total net position	\$ 755,020	\$ -	\$ 18,560,081	\$ 19,315,101

City of Lawrence, Kansas

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
Year Ended December 31, 2020

	Public Parking	Golf Course	Stormwater Utility	Total Nonmajor Proprietary Funds
Operating revenues				
Charges for services	\$ 642,122	\$ 751,649	\$ 3,711,536	\$ 5,105,307
Other sales	-	29,192	-	29,192
Total operating revenues	<u>642,122</u>	<u>780,841</u>	<u>3,711,536</u>	<u>5,134,499</u>
Operating expenses				
Continuing operations	1,040,786	928,943	2,956,924	4,926,653
General administration	-	-	38,061	38,061
Depreciation	38,804	15,297	581,305	635,406
Total operating expenses	<u>1,079,590</u>	<u>944,240</u>	<u>3,576,290</u>	<u>5,600,120</u>
Operating income (loss)	<u>(437,468)</u>	<u>(163,399)</u>	<u>135,246</u>	<u>(465,621)</u>
Nonoperating revenues (expenses):				
Interest income	17,347	5,562	90,198	113,107
Loss on sale of capital assets	-	(4,492)	(94,732)	(99,224)
Miscellaneous	100,167	14,920	-	115,087
Total nonoperating revenues	<u>117,514</u>	<u>15,990</u>	<u>(4,534)</u>	<u>128,970</u>
Income (loss) before transfers and capital contributions	<u>(319,954)</u>	<u>(147,409)</u>	<u>130,712</u>	<u>(336,651)</u>
Capital contributions	-	-	2,177,314	2,177,314
Transfers in	42,167	171,997	-	214,164
Transfers out	(50,000)	-	(367,667)	(417,667)
Total transfers and capital contributions	<u>(7,833)</u>	<u>171,997</u>	<u>1,809,647</u>	<u>1,973,811</u>
Change in net position	<u>(327,787)</u>	<u>24,588</u>	<u>1,940,359</u>	<u>1,637,160</u>
Net position, beginning	<u>1,082,807</u>	<u>(24,588)</u>	<u>16,619,722</u>	<u>17,677,941</u>
Net position, ending	<u>\$ 755,020</u>	<u>\$ -</u>	<u>\$ 18,560,081</u>	<u>\$ 19,315,101</u>

City of Lawrence, Kansas

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended December 31, 2020

	Public Parking	Golf Course	Stormwater Utility	Total Nonmajor Proprietary Funds
Cash flows from operating activities:				
Cash received from customers and users	\$ 635,511	\$ 722,619	\$ 3,566,539	\$ 4,924,669
Cash paid to suppliers of goods and services	(557,992)	(530,700)	(2,332,176)	(3,420,868)
Cash paid to employees	(467,840)	(803,042)	(520,664)	(1,791,546)
Net cash provided by (used in) operating activities	(390,321)	(611,123)	713,699	(287,745)
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	(7,280)	-	(389,015)	(396,295)
Purchase of land held for resale	-	-	(221,022)	(221,022)
Proceeds from sale of capital assets	100,167	14,920	-	115,087
Net cash provided by (used in) capital and related financing activities	92,887	14,920	(610,037)	(502,230)
Cash flows from noncapital financing activities:				
Transfers in	42,167	429,398	-	471,565
Transfers out	(50,000)	-	(367,667)	(417,667)
Net cash provided by (used in) noncapital financing activities	(7,833)	429,398	(367,667)	53,898
Cash flows from investing activities:				
Purchase of investments	(1,331,287)	(585,272)	(5,178,405)	(7,094,964)
Sale of investments	1,587,553	741,064	5,424,136	7,752,753
Interest received	22,704	7,136	115,692	145,532
Net cash provided by investing activities	278,970	162,928	361,423	803,321
Net increase (decrease) in cash and cash equivalents	(26,297)	(3,877)	97,418	67,244
Cash and cash equivalents, beginning	113,088	3,877	189,704	306,669
Cash and cash equivalents, ending	<u>\$ 86,791</u>	<u>\$ -</u>	<u>\$ 287,122</u>	<u>\$ 373,913</u>

City of Lawrence, Kansas

**Combining Statement of Cash Flows (Continued)
Nonmajor Proprietary Funds
Year Ended December 31, 2020**

	Public Parking	Golf Course	Stormwater Utility	Total Nonmajor Proprietary Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (437,468)	\$ (163,399)	\$ 135,246	\$ (465,621)
Net cash provided by operating activities:				
Depreciation expense	38,804	15,297	581,305	635,406
(Increase) decrease in accounts receivable	(6,611)	3,221	(144,997)	(148,387)
(Increase) decrease in inventories	-	1,796	-	1,796
(Increase) decrease in prepaids	70	289	(269)	90
(Increase) decrease in deferred outflows				
Pension related amounts	(63,479)	27,602	(88,428)	(124,305)
OPEB related amounts	884	21,605	(8,191)	14,298
Increase (decrease) in accounts payable	6,259	(10,052)	51,200	47,407
Increase (decrease) in accrued payroll	4,335	(10,343)	6,527	519
Increase (decrease) in net pension liability	58,577	(205,250)	120,557	(26,116)
Increase (decrease) in total OPEB liability	3,900	(119,922)	57,791	(58,231)
Increase (decrease) in deferred inflows				
Pension related amounts	(12,977)	(19,367)	(12,657)	(45,001)
OPEB related amounts	7,190	(1,330)	10,645	16,505
Increase (decrease) in unearned revenue	-	(61,443)	-	(61,443)
Increase (decrease) in compensated absences	10,195	(89,827)	4,970	(74,662)
Net cash provided by (used in) operating activities	\$ (390,321)	\$ (611,123)	\$ 713,699	\$ (287,745)
Noncash capital activities - interfund capital asset transfers	\$ -	\$ 257,401	\$ -	\$ 257,401
Noncash capital activities - capital contributions	\$ -	\$ -	\$ 2,177,314	\$ 2,177,314
Reconciliation of amounts reported on the statement of net position:				
Cash and cash equivalents	\$ 86,791	\$ -	\$ 287,122	\$ 373,913
Investments	783,574	-	4,750,783	5,534,357
Total cash and investments	\$ 870,365	\$ -	\$ 5,037,905	\$ 5,908,270

City of Lawrence, Kansas

Internal Service Funds

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

General Liability Fund—This fund accounts for payments for auto and general liability claims. This fund was closed in to the Risk Management Fund during fiscal year 2020.

Workers' Comp Liability Fund—This fund accounts for payments for workers' compensation claims. This fund was closed in to the Risk Management Fund during fiscal year 2020.

Central Maintenance Fund—This fund accounts for the repairs and maintenance expenses of the City's fleet of vehicles and equipment. This fund was closed in to the Administrative Services Fund during fiscal year 2020.

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

Administrative Services Fund—This fund accounts for the repairs and maintenance of the City's fleet of vehicles and equipment, as well as the City's information systems, human resources and finance departments' expenses. These expenses are charged to other City funds based on certain criteria and ratios.

Risk Management Fund—This fund accounts for payments for auto and general liability claims, as well as workers' compensation claims, insurance premiums and other administrative expenses.

City of Lawrence, Kansas

Combining Statement of Net Position
Internal Service Funds
December 31, 2020

	General Liability	Workers' Comp Liability	Central Maintenance	Health Insurance	Administrative Services	Risk Management	Total
Assets and deferred outflows of resources:							
Current assets:							
Cash and investments	\$ -	\$ -	\$ -	\$ 15,227,087	\$ 3,798,643	\$ 1,776,426	\$ 20,802,156
Receivables (net of allowances for uncollectibles):							
Accounts	-	-	-	64,414	2,519	-	66,933
Accrued interest	-	-	-	61,524	4,570	6,613	72,707
Inventories	-	-	-	-	373,505	-	373,505
Prepaid	-	-	-	-	373,169	-	373,169
Total current assets	-	-	-	15,353,025	4,552,406	1,783,039	21,688,470
Capital assets:							
Building and improvements	-	-	-	-	704,842	-	704,842
Equipment	-	-	-	-	315,214	-	315,214
Less: accumulated depreciation	-	-	-	-	(857,594)	-	(857,594)
Total capital assets	-	-	-	-	162,462	-	162,462
Total assets	-	-	-	15,353,025	4,714,868	1,783,039	21,850,932
Deferred outflows of resources:							
Pension related amounts	-	-	-	-	795,829	-	795,829
OPEB related amounts	-	-	-	-	188,154	-	188,154
Total deferred outflows of resources	-	-	-	-	983,983	-	983,983
Total assets and deferred outflows of resources	-	-	-	15,353,025	5,698,851	1,783,039	22,834,915
Liabilities and deferred inflows of resources:							
Liabilities:							
Current liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 381,882	\$ 313,517	\$ 412	\$ 695,811
Claims payable	-	-	-	1,441,318	-	493,322	1,934,640
Accrued payroll	-	-	-	-	128,942	-	128,942
Compensated absences	-	-	-	-	253,543	-	253,543
Total current liabilities	-	-	-	1,823,200	696,002	493,734	3,012,936
Noncurrent liabilities:							
Compensated absences	-	-	-	-	267,767	-	267,767
Net pension liability	-	-	-	-	2,981,800	-	2,981,800
Total OPEB liability	-	-	-	-	1,087,509	-	1,087,509
Total noncurrent liabilities	-	-	-	-	4,337,076	-	4,337,076
Total liabilities	-	-	-	1,823,200	5,033,078	493,734	7,350,012
Deferred inflows of resources:							
Pension related amounts	-	-	-	-	149,961	-	149,961
OPEB related amounts	-	-	-	-	47,082	-	47,082
Total deferred inflows of resources	-	-	-	-	197,043	-	197,043
Total liabilities and deferred inflows of resources	-	-	-	1,823,200	5,230,121	493,734	7,547,055
Net position							
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ 162,462	\$ -	\$ 162,462
Unrestricted	-	-	-	13,529,825	306,268	1,289,305	15,125,398
Total net position	\$ -	\$ -	\$ -	\$ 13,529,825	\$ 468,730	\$ 1,289,305	\$ 15,287,860

City of Lawrence, Kansas

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2020

	General Liability	Workers' Comp Liability	Central Maintenance	Health Insurance	Administrative Services	Risk Management	Total
Operating revenue							
Charges for services	\$ -	\$ 622,000	\$ 3,944,491	\$ 13,687,311	\$ 7,334,341	\$ -	\$ 25,588,143
Total operating revenues	-	622,000	3,944,491	13,687,311	7,334,341	-	25,588,143
Operating expenses							
Continuing operations	167,006	353,379	3,781,650	-	10,153	-	4,312,188
General administration	-	-	20,356	2,553,126	7,393,253	-	9,966,735
Health insurance claims	-	-	-	9,133,870	-	-	9,133,870
Depreciation	-	-	38,879	-	-	-	38,879
Total operating expense	167,006	353,379	3,840,885	11,686,996	7,403,406	-	23,451,672
Operating income (loss)	(167,006)	268,621	103,606	2,000,315	(69,065)	-	2,136,471
Nonoperating revenues							
Interest income	9,182	12,587	21,988	157,296	10,875	-	211,928
Rental income	-	-	-	-	48,525	-	48,525
Miscellaneous	2,744	4,385	4,491	-	9,664	-	21,284
Gain on sale of capital assets	-	-	676	-	-	-	676
Total nonoperating revenues	11,926	16,972	27,155	157,296	69,064	-	282,413
Income (loss) before transfers	(155,080)	285,593	130,761	2,157,611	(1)	-	2,418,884
Transfers in	-	-	-	-	468,878	1,289,305	1,758,183
Transfers out	(740,130)	(549,175)	(468,878)	-	-	-	(1,758,183)
Total transfers	(740,130)	(549,175)	(468,878)	-	468,878	1,289,305	-
Change in net position	(895,210)	(263,582)	(338,117)	2,157,611	468,877	1,289,305	2,418,884
Net position (deficit), beginning	895,210	263,582	338,117	11,372,214	(147)	-	12,868,976
Net position (deficit), ending	\$ -	\$ -	\$ -	\$ 13,529,825	\$ 468,730	\$ 1,289,305	\$ 15,287,860

City of Lawrence, Kansas

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2020

	General Liability	Workers' Comp Liability	Central Maintenance	Health Insurance	Administrative Services	Risk Management	Total
Cash flows from operating activities:							
Cash received from customers and users	\$ 2,987	\$ 622,000	\$ 3,945,601	\$ 13,680,687	\$ 8,622,952	\$ 493,734	\$ 27,367,961
Cash paid to suppliers of goods and services	(206,574)	(1,214,534)	(2,546,193)	(11,786,441)	(4,920,330)	-	(20,674,072)
Cash paid to employees	-	-	(2,121,712)	-	-	-	(2,121,712)
Net cash provided by (used in) operating activities	(203,587)	(592,534)	(722,304)	1,894,246	3,702,622	493,734	4,572,177
Cash flows from capital and related financing activities:							
Purchase and construction of capital assets	-	-	-	-	-	-	-
Proceeds from sale of capital assets	2,744	4,385	5,167	-	9,664	-	21,960
Net cash provided by (used in) capital and related financing activities	2,744	4,385	5,167	-	9,664	-	21,960
Cash flows from noncapital financing activities:							
Interfund loan	-	-	-	(504)	(226,364)	-	(226,868)
Transfers in	-	-	-	-	306,416	1,289,305	1,595,721
Transfers out	(740,130)	(549,175)	(306,416)	-	-	-	(1,595,721)
Net cash provided by (used in) noncapital financing activities	(740,130)	(549,175)	(306,416)	(504)	80,052	1,289,305	(226,868)
Cash flows from investing activities:							
Purchase of investments	(1,500,332)	(1,944,474)	(2,214,923)	(10,904,077)	(2,242,519)	(1,677,809)	(20,484,134)
Sale of investments	2,379,140	3,022,135	2,265,867	8,652,226	1,098,636	-	17,418,004
Interest received	17,422	22,732	21,988	243,425	6,305	-	311,872
Net cash used in investing activities	896,230	1,100,393	72,932	(2,008,426)	(1,137,578)	(1,677,809)	(2,754,258)
Net increase (decrease) in cash and cash equivalents	(44,743)	(36,931)	(950,621)	(114,684)	2,654,760	105,230	1,613,011
Cash and cash equivalents, beginning	44,743	36,931	950,621	269,605	-	-	1,301,900
Cash and cash equivalents, ending	\$ -	\$ -	\$ -	\$ 154,921	\$ 2,654,760	\$ 105,230	\$ 2,914,911

(Continued)

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended December 31, 2020

	General Liability	Workers' Comp Liability	Central Maintenance	Health Insurance	Administrative Services	Risk Management	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (167,006)	\$ 268,621	\$ 103,606	\$ 2,000,315	\$ (69,065)	\$ -	\$ 2,136,471
Net cash provided by (used in) operating activities							
Depreciation expense	-	-	38,879	-	-	-	38,879
Rent income	-	-	-	-	48,525	-	48,525
(Increase) decrease in accounts receivable	2,987	-	1,110	(6,624)	(2,519)	-	(5,046)
(Increase) decrease in inventories	-	-	371,931	-	(373,505)	-	(1,574)
(Increase) decrease in prepaids	-	-	21,156	-	(146,805)	-	(125,649)
(Increase) decrease in deferred outflows							
Pension related amounts	-	-	83,533	-	(795,829)	-	(712,296)
OPEB related amounts	-	-	66,780	-	(188,154)	-	(121,374)
Increase (decrease) in accounts payable	(39,568)	(11,276)	(159,430)	(200,307)	313,370	412	(96,799)
Increase (decrease) in claims payable	-	(849,879)	-	100,862	-	493,322	(255,695)
Increase (decrease) in accrued payroll	-	-	(30,238)	-	128,942	-	98,704
Increase (decrease) in net pension liability	-	-	(621,166)	-	2,981,800	-	2,360,634
Increase (decrease) in total OPEB liability	-	-	(370,668)	-	1,087,509	-	716,841
Increase (decrease) in deferred inflows							
Pension related amounts	-	-	(58,613)	-	149,961	-	91,348
OPEB related amounts	-	-	(4,112)	-	47,082	-	42,970
Increase (decrease) in accrued compensated absences	-	-	(165,072)	-	521,310	-	356,238
Net cash provided by (used in) operating activities	\$ (203,587)	\$ (592,534)	\$ (722,304)	\$ 1,894,246	\$ 3,702,622	\$ 493,734	\$ 4,572,177
Noncash capital activities - interfund capital asset transfers	\$ -	\$ -	\$ 162,462	\$ -	\$ -	\$ -	\$ 162,462
Reconciliation of amounts reported on the statement of net position:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 154,921	\$ 2,654,760	\$ 105,230	\$ 2,914,911
Investments	-	-	-	15,072,166	1,143,883	1,671,196	17,887,245
Total cash and investments	\$ -	\$ -	\$ -	\$ 15,227,087	\$ 3,798,643	\$ 1,776,426	\$ 20,802,156

City of Lawrence, Kansas

Statistical Section (Unaudited)

This part of the City's annual comprehensive 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 annual comprehensive financial reports for the relevant year.

Table 1

CITY OF LAWRENCE, KANSAS

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

		<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>	<u>2020</u>
Governmental Activities											
Net investment in capital assets	\$	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	198,873,906
Restricted		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	49,518,600
Unrestricted		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	(24,665,976)
Total governmental activities net position	\$	<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>	<u>223,726,530</u>
Business-type activities											
Net investment in capital assets	\$	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	138,766,846
Restricted		-	-	-	-	-	2,007,755	2,007,755	7,463,508	7,483,183	8,203,283
Unrestricted		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	50,303,939
Total business-type activities net position	\$	<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>	<u>197,274,068</u>
Primary government											
Net investment in capital assets	\$	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	337,640,752
Restricted		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	57,721,883
Unrestricted		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	25,637,963
Total primary government net position	\$	<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>	<u>421,000,598</u>

CITY OF LAWRENCE, KANSAS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
General Government	\$ 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	28,182,086
Public Safety	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	54,948,346
Public Works	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	25,026,316
Health	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	1,310,804
Social Services	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	3,026,146
Culture and Recreation	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	13,229,403
Tourism	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	1,666,240
Airport	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	2,230,139
Interest on Long-Term Debt	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	5,359,042
Total Governmental Activities Expenses	83,184,610	87,900,299	92,476,174	91,476,905	99,097,368	104,318,035	124,316,404	102,515,079	124,594,353	134,978,522
Business-Type Activities:										
Water & Sewer	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	45,806,311
Sanitation	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	13,762,428
Stormwater	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	3,671,022
Public Parking	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	1,079,590
Golf Course	917,860	944,149	930,730	973,740	961,517	978,457	1,261,536	850,780	939,014	948,732
Total Business-Type Activities Expenses	40,986,453	42,809,641	42,215,525	45,532,855	47,272,388	49,740,624	53,576,821	55,418,495	62,234,672	65,268,083
Total Primary Government Expenses	\$ 124,171,063	130,709,940	134,691,699	137,009,760	146,369,756	154,058,659	177,893,225	157,933,574	186,829,025	200,246,605
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 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	3,901,660
Public Safety	453,968	403,121	503,123	563,446	427,146	5,773,962	6,866,750	7,382,054	8,735,242	8,475,018
Culture and Recreation	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	1,260,537
Other Activities	471,492	370,832	440,872	571,777	461,508	1,599,985	534,779	1,648,292	680,797	565,588
Operating Grants and Contributions	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	10,618,560
Capital Grants and Contributions	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	5,187,762
Total Governmental Activities Program Revenues	26,020,686	26,618,553	22,257,373	28,377,860	24,131,778	28,640,171	44,808,454	31,314,481	26,277,554	30,009,125
Business-Type Activities:										
Charges for Services:										
Water & Sewer	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	48,739,971
Sanitation	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	14,854,780
Stormwater	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	3,840,429
Parking	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	666,749
Golf Course	718,419	820,444	753,198	772,843	733,798	747,031	984,669	930,992	932,240	792,583

(continued)

CITY OF LAWRENCE, KANSAS

Table 2, cont.

Changes in Net Position, Continued

Last Ten Fiscal Years
(accrual basis of accounting)

Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	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	68,894,512
Total Primary Government Program Revenues	\$ 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	98,903,637
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	(104,969,397)
Business-Type Activities	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	3,626,429
Total Primary Government Net Expense	\$ (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)	(101,342,968)
General Revenues and Other Changes in										
Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	\$ 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	43,183,352
Franchise Taxes	6,408,974	6,482,183	6,822,828	7,645,920	7,127,746	7,448,325	7,229,327	7,465,999	40,365,760	6,893,125
Sales Taxes	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	45,294,649
Unrestricted Grants and Contributions	645,080	691,768	689,082	732,100	720,387	764,798	783,431	796,314	42,032	12,601
Investment Earnings	134,306	210,102	202,023	223,756	100,697	390,171	493,557	1,069,632	2,939,293	1,181,470
Miscellaneous	185,909	425,033	136,700	255,075	2,580,346	3,385,152	3,361,033	284,338	3,174,583	2,584,048
Transfers	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	(11,023,981)
Total Governmental Activities	68,120,939	71,190,155	72,923,786	75,919,127	80,419,654	85,052,744	88,449,859	90,964,225	137,283,829	88,125,264
Business-Type Activities:										
Unrestricted Grants and Contributions	3,303	-	-	-	-	-	-	-	-	-
Investment Earnings	105,578	121,636	105,283	26,824	233,589	500,878	802,034	1,077,026	2,224,171	1,221,162
Miscellaneous	620,900	638,793	906,393	796,713	767,015	564,790	1,310,446	858,835	820,034	1,000,427
Transfers	(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)	11,023,981
Total Business-Type Activities	(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)	13,245,570
Total Primary Government	\$ 64,179,426	67,457,855	69,282,827	72,859,679	77,767,228	83,860,852	86,760,356	89,214,451	136,540,559	101,370,834
Change in Net Position										
Governmental Activities	\$ 10,957,015	9,908,409	2,704,985	12,820,082	5,454,064	9,374,880	8,941,909	19,763,627	38,967,030	(16,844,133)
Business-Type Activities	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	16,871,999
Total Primary Government	\$ 12,600,472	13,477,309	4,799,732	14,781,558	8,793,202	15,726,322	16,027,242	33,271,482	42,306,521	27,866

CITY OF LAWRENCE, KANSAS

General Government Tax Revenues by Source

Last Ten Fiscal Years
(modified accrual basis of accounting)

Year	Property Tax	Sales* Tax	Franchise Tax	Motor Vehicle Tax	Payment- in-lieu	Total	Total Taxable Retail Sales
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	35,518,561	41,217,276	7,415,461	3,185,973	96,266	87,433,536	1,665,248,878
2020	37,853,022	40,365,760	6,893,125	3,068,095	103,580	88,283,582	1,594,621,431

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

CITY OF LAWRENCE, KANSAS

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011*	2012	2013	2014	2015	2016**	2017	2018	2019	2020
General Fund										
Nonspendable	\$ -	-	-	-	-	-	-	-	206,645	427,738
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	489,385	458,016	444,230	418,924	483,882	626,605	666,212	456,504	2,081,608	1,292,014
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	23,297,429
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ <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>	<u>25,017,181</u>
All Other Governmental Funds										
Nonspendable	463,176	461,146	424,304	562,959	562,959	434,460	411,460	80,347	23,386	177,999
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	39,761,077	67,394,535
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)	(80,397)
Reserved	\$ -	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ <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>39,751,667</u>	<u>67,492,137</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.

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

Last Ten Fiscal Years
(modified accrual basis of accounting)

Unaudited

	2011	2012	2013	2014	2015	2016*	2017	2018	2019	2020
Revenues										
Taxes	\$ 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	88,283,582
Special Assessments	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	1,259,163
Licenses and Permits	944,702	968,947	1,028,880	974,690	1,525,191	1,873,080	1,647,100	2,065,644	1,585,563	1,489,221
Charges for Services	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	9,889,718
Fines, Forfeitures and Penalties	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	993,386
Interest	145,314	193,727	188,012	266,269	95,043	366,695	458,254	1,034,090	2,636,307	1,227,777
Intergovernmental	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	20,939,182
Reimbursements	449,094	335,350	472,548	675,165	1,577,236	4,130,660	1,529,769	1,622,723	2,076,208	1,004,337
Miscellaneous	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	1,280,356
Total Revenues	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	126,366,722
Expenditures										
General Government	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	26,168,789
Public Safety	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	50,705,913
Public Works	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	16,299,987
Health	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	1,309,335
Social Services	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	2,782,826
Culture and Recreation	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	10,792,873
Tourism	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	1,658,866
Airport	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	2,230,119
Capital Outlay	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	27,898,602
Debt Service:										
Principal Retirement	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	15,813,420
Interest and Fiscal Charges	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	3,977,571
Issuance Costs	-	-	-	-	-	-	-	-	252,831	99,207
Total Expenditures	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	159,737,508
Excess of Revenues over (under) Expenditures	(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)	(33,370,786)
Other Financing Sources (Uses)										
Transfers In	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	6,981,252
Transfers Out	(590,519)	(465,500)	(1,108,559)	(450,000)	(200,053)	(9,874,995)	(1,037,454)	(5,218,554)	(6,300,335)	(2,604,173)
Sale of Property - Proceeds Received	-	-	-	-	-	-	-	-	17,525	17,100
Capital Lease Proceeds	-	-	-	-	-	244,260	1,064,200	-	-	-
Proceeds of General Obligation Bonds	3,895,000	11,190,000	4,405,000	41,455,000	9,450,000	-	35,034,000	-	41,505,000	10,545,000
Premium on General Obligation Bonds	-	404,633	-	3,136,301	426,956	-	2,036,462	-	530,809	394,939
Total Other Financing Sources (Uses)	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	15,334,118
Net Change in Fund Balances	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	(18,036,668)
Debt Service as a Percentage of										
Noncapital Expenditures	14.0%	18.6%	12.9%	13.0%	14.0%	13.6%	10.4%	13.4%	12.4%	14.9%

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

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		
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
2020	1,094,154,422	9,607,901,380	11,873,466	55,498,541	31,460,117	31,460,117	1,137,488,005	9,694,860,038	11.7%	33.318

(1) Excludes motor vehicles.

Source: Douglas County Appraiser

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		
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
2020	23.997	9.321	33.318	46.430	0.000	46.430	43.297	9.825	53.122	1.500	134.370

Source: Douglas County Budget Office

Table 8

CITY OF LAWRENCE, KANSAS

Principal Taxpayers

December 31, 2020

Unaudited

Taxpayer	2020 Assessed Valuation	Rank	Percent of Total Assessed Valuation	2011 Assessed Valuation	Rank	Percent of Total Assessed Valuation
Evergy (formerly Westar Energy)	\$ 22,483,533	1	1.98 %	\$ 9,914,274	1	1.36 %
ARC PRLAWS001 LLC	6,078,700	2	0.53			
Walmart	6,044,541	3	0.53	5,318,637	2	0.62
Links at Kansas	6,026,161	4	0.53			
Cherry Hill Properties LLC	5,550,080	5	0.49			
Black Hills Corp	4,922,107	6	0.43	3,619,340	6	0.42
HERE Lawrence Property Owner LLC	4,856,001	7	0.43			
KS-UK Holdings	4,485,299	8	0.39			
Menard Inc	4,484,065	9	0.39			
UP Connection Lawrence Spe LLC	4,177,180	10	0.37			
Inland Western Lawrence				4,050,902	3	0.47
Hallmark Cards				3,898,215	4	0.46
Southwestern Bell				3,845,387	5	0.45
Amarr Garage Doors				3,084,407	7	0.36
Fairfield Lawrence Exchange LLC				2,977,524	8	0.35
Kresge				2,903,450	9	0.34
Westgate				2,639,202	10	0.31
Total	\$ <u>69,107,667</u>		<u>6.08</u> %	\$ <u>42,251,338</u>		<u>5.14</u> %

Source: Douglas County Clerk.

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>
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
2020	36,335,486	35,545,948	97.83	380,499	35,926,447	98.87	2,106,877	5.80

(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.

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	6.25 %	3,204
2020	87,868,554	40,228,620	835,956	182,691,558	5,256,052	-	-	316,880,740	5.74 %	3,066

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.

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
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	928,947	117,980,387	11,266,535	106,713,852	11.49	1,073
2018	100,736	985,104	101,410,000	10,832,304	90,577,696	9.19	899
2019	103,812	1,037,322	93,408,000	12,491,540	80,916,460	7.80	779
2020	103,351	1,090,534	88,285,000	13,955,094	74,329,906	6.82	719

(1) City of Lawrence, Kansas Planning Department estimates

(2) Amounts expressed in thousands and were corrected to represent the Tax Levy for the prior year beginning for 2017

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

CITY OF LAWRENCE, KANSAS

Computation of Direct and Overlapping Bonded Debt –
General Obligation Bonds

December 31, 2020

<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>88,285,000</u>	100 %	\$ <u>88,285,000</u>
Overlapping:			
Douglas County	315,772,000	75%	2,369,604
Unified School District No. 497	<u>172,885,000</u>	88%	<u>1,524,992</u>
	<u>488,657,000</u>		<u>3,894,596</u>
	\$ <u>576,942,000</u>		\$ <u>92,179,596</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

CITY OF LAWRENCE, KANSAS

Table 13

Computation of Legal Debt Margin

Last Ten Fiscal Years

	<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>	<u>2020</u>
Total Assessed Valuation of Taxable Property*	\$ 928,635,604	\$ 924,953,742	932,601,818	951,413,530	958,124,464	995,923,209	928,947,354	985,103,931	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	278,590,681	277,486,123	279,780,545	285,424,059	287,437,339	298,776,963	278,684,206	295,531,179	311,196,732	327,160,051
Total net debt applicable to limit** (includes temporary notes)	<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>	<u>123,390,000</u>
Legal Debt Margin	<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>\$ 173,598,943</u>	<u>\$ 188,121,179</u>	<u>\$ 182,693,732</u>	<u>\$ 203,770,051</u>
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	33.57%	35.47%	43.99%	41.91%	37.83%	26.46%	37.71%	36.34%	41.29%	37.72%

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

* Total Assessed Valuation of Taxable Property is based on the prior year Tax Levy. Amounts indicated in this table for 2017-2019 have been corrected.

** 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>
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
2020	48,495,800	29,398,101	19,097,699	7,560,000	7,352,975	14,912,975	1.28

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>
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	5,321,380,000	43,939	26.70	11,879	2.6
2020	103,351	5,521,639,000	45,163	26.70	11,473	3.9

Data Sources:

- (1) City of Lawrence, Kansas Planning Department estimates
- (2) Data from U.S. Bureau of Economic Analysis. The amount listed for FY2020 is from the FY2019 report.
- (3) From U.S. Census Bureau 2010 Census
- (4) Headcount enrollment for USD 497, Kansas Department of Education
- (5) Bureau of Labor Statistics

CITY OF LAWRENCE, KANSAS

Principal Employers

Current Year and Nine Years Ago

Employer	2020			2011		
	<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	23.57%	9,870	1	16.62%
Lawrence Public Schools	1,920	2	4.53%	1,830	2	3.08%
LMH Health	1,800	3	4.25%	1,250	5	2.10%
Amarr Garage Doors	1,538	4	3.63%	490	9	0.82%
Maximus (formerly General Dynamics IT)	1,100	5	2.59%	-	-	-
City of Lawrence	860	6	2.03%	1,425	4	2.40%
Hallmark Cards Inc.	772	7	1.82%	580	8	0.98%
Berry Global	750	8	1.77%	775	6	1.30%
Douglas County	521	9	1.23%	-	-	-
SS&C	359	10	0.85%	-	-	-
Vangent	-	-	-	1,500	3	2.53%
The World Compnay	-	-	-	680	7	1.14%
DCCCA Center	-	-	-	475	10	0.80%
Total	<u>19,614</u>		<u>46.26%</u>	<u>18,875</u>		<u>31.78%</u>

Sources: Lawrence Chamber of Commerce

Table 17

CITY OF LAWRENCE, KANSAS
Full Time Equivalent Employees by Function

Last Ten Fiscal Years

Unaudited

<u>Function/Program</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>	<u>2020</u>
Governmental Activities:										
General Government	67.32	69.69	64.93	73.14	72.55	105.00	76.86	79.93	85.59	72.07
Public Safety	326.00	326.00	310.00	321.00	318.00	320.60	330.00	330.00	332.00	332.00
Public Works	60.41	58.41	59.91	59.66	59.16	62.66	62.66	61.16	61.16	62.16
Culture & Recreation	64.03	61.03	61.03	70.53	70.53	72.53	76.53	72.78	72.78	72.50
Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Social Services	8.75	5.55	5.55	4.30	-	3.60	2.70	2.70	2.60	2.60
Tourism	-	-	-	-	-	-	-	3.00	3.00	2.00
Total Governmental Activities	<u>527.51</u>	<u>521.68</u>	<u>502.42</u>	<u>529.63</u>	<u>521.24</u>	<u>565.39</u>	<u>549.75</u>	<u>550.57</u>	<u>558.13</u>	<u>544.33</u>
Business-type Activities:										
Water & Sewer	128.26	129.25	129.25	130.26	132.52	146.88	140.13	142.63	141.63	143.00
Sanitation	100.84	96.34	96.34	97.84	97.84	97.84	97.84	93.34	94.34	92.34
Storm Water	10.50	10.00	10.50	10.50	10.00	10.00	10.00	11.50	13.50	11.50
Public Parking	-	-	12.00	12.00	12.00	12.00	12.00	14.00	13.00	12.00
Golf Course	11.56	12.13	12.35	12.44	12.94	11.69	12.69	12.36	12.31	11.73
Internal Services	18.00	17.25	17.25	17.00	17.00	17.00	17.00	17.00	17.00	39.00
Total Business-type Activities	<u>269.16</u>	<u>264.97</u>	<u>277.69</u>	<u>280.04</u>	<u>282.30</u>	<u>295.41</u>	<u>289.66</u>	<u>290.83</u>	<u>291.78</u>	<u>309.57</u>
Total	<u><u>796.67</u></u>	<u><u>786.65</u></u>	<u><u>780.11</u></u>	<u><u>809.67</u></u>	<u><u>803.54</u></u>	<u><u>860.80</u></u>	<u><u>839.41</u></u>	<u><u>841.40</u></u>	<u><u>849.91</u></u>	<u><u>853.90</u></u>

Source: City of Lawrence Budget Document

Note: Reviewing some budget documents we discovered some errors in the final reports published. This report is based off of budgeted FTE and may not match what was originally published.

Table 18

CITY OF LAWRENCE, KANSAS

Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire Protection										
Number of Firefighters and Officers	140	143	141	135	131	143	143	143	146	150
Number of Fire Calls Answered (1)	1,958	1,970	1,979	1,979	2,200	2,220	2,220	2,220	191	242
Number of Medical Calls Answered	7,743	8,211	8,734	9,001	9,438	9,514	9,438	9,438	8,781	8,624
Number of Medical Transports	4,808	5,139	7,686	5,320	5,775	5,851	6,207	6,207	6,441	6,200
Number of Inspections Conducted	3,537	5,522	3,728	4,326	6,392	7,241	7,332	7,332	4,862	4,950
Police Protection										
Number of Commissioned Police Officers	147	147	154	154	155	153	154	154	139	135
Number of Full Time Civilians	33	30	33	33	33	33	28	28	25	27
Number of Calls for Service	112,647	112,464	121,599	115,398	107,478	100,142	95,708	95,702	91,658	69,360
Arrests Processed through County Jail	3,409	3,847	4,661	3,668	3,219	2,976	3,324	2,994	2,434	1,786
Officer Issued Traffic Violations	13,277	13,150	4,657	15,631	12,811	10,970	11,614	10,742	8,417	3,896
Officer Issued Parking Violations	29,680	11,882	12,986	37,292	10,988	10,754	10,534	8,826	7,783	1,907
Sewerage System										
Number of Service Connections	33,106	32,915	32,239	32,345	32,395	32,395	32,791	33,105	34,146	33,595
Actual Daily Average of Treatment in Million Gallons Daily	9	10	10	9	10	10	10	9	12	11
Water System										
Number of Service Connections	33,106	32,915	32,897	33,005	33,220	33,256	33,547	33,874	34,146	34,340
Daily Average Consumption in Million Gallons	11	11	11	10	10	11	10	11	10	11
Maximum Daily Capacity of Plant in Million Gallons	37	37	37	37	37	37	41	41	41	41

Sources: Various government departments

As reported in that years' source Annual Comprehensive Financial Report

(1) In 2019 there was a change in what was considered a Fire Call Answered.

Table 19

CITY OF LAWRENCE, KANSAS

Capital Asset Statistics by Function

Last Ten Fiscal Years

Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Works										
Miles of Streets	323.2	323.2	333.6	333.6	356.9	362.9	365.23	367.19	351.62	351.77
Culture and Recreation										
Recreation Facilities	4	4	4	4	7	7	7	7	7	7
Parks	54	54	54	54	56	56	56	56	56	56
Park Acreage	3,535	3,535	3,535	3,535	3,800	3,800	3,800	3,800	3,800	3,800
Tennis Courts	11	11	11	11	16	16	16	16	16	16
Fire Protection										
Number of Stations	5	6	6	6	6	6	5	5	5	5
Police Protection										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Patrol Units	30	30	30	30	38	40	40	36	36	34
Sewerage System										
Miles of Sanitary Sewers	433	433	434	434	452	454	457	460	461	461
Number of Treatment Plants	1	1	1	1	1	1	2	2	2	2
Number of Lift Stations	34	34	33	33	31	31	32	32	34	34
Water System										
Number of Water Plants	2	2	2	2	2	2	2	2	2	2
Miles of Water Mains	455	455	499	499	520	523	556	565	568	567
Number of City owned Fire Hydrants	3,218	3,218	3,331	3,331	3,480	3,531	3,599	3,646	3,690	3,688
Libraries										
Public Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (approximately)(1)	229,777	229,777	229,777	229,777	201,400	207,500	198,257	204,146	203,403	212,176
Facilities and Services Not Included in the Reporting Entity:										
Education										
Number of Public Elementary Schools(2)	14	14	14	14	14	14	14	14	14	15
Number of Public Elementary School Instructors	429	429	457	457	459	445	435	421	489	457
Number of Public Secondary Schools(2)	6	6	6	6	6	6	6	6	6	7
Number of Public Secondary School Instructors	465	465	485	485	495	476	456	460	526	529
Number of Universities	2	2	2	2	2	2	2	2	2	2
Hospitals										
Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Number of Patient Beds	173	173	173	173	174	174	174	174	174	174

Sources: Various government departments

Notes:

(1) Beginning in 2020 the approximate number of volumes held by the Lawrence Public Library includes digital volumes.

(2) Beginning in 2020 the number of Public Elementary Schools and Public Secondary Schools includes one (1) virtual school each.

City of Lawrence, Kansas
Continuing Disclosure Information
(Unaudited)

Recent Development

The largest permitted projects in 2020, as of December 31, 2020, are as follows:

<u>Project Description</u>	<u>Construction Valuation</u>
USEREH Lawrence, New Manufacturing and Warehouse	\$14,039,121
Penn Lofts, 4-story Multi-Family	8,000,000
Target Remodel	3,500,000
Residential New Single Family Home, 338 N Dole Drive	3,500,000
Pretzels, Inc., Underground/Core and Shell Package	3,420,158
Dillon's, Interior Remodel	2,193,000
USD 497 Lawrence Public Schools, Addition and Façade Renovation	2,100,000*
Fairfield Project, Office and Warehouse	1,850,000
Medical Office Building, 5120 Congressional Drive	1,800,000
Casey's General Store, New Convenience Store and Fuel Station	1,563,679
Casey's General Store, Commercial New Structure	1,456,000
Dunco Heating & Cooling, Commercial New Structure	1,100,000
Wakarusa Township Fire Department, Commercial Addition	1,100,000*
Residential New Single Family, 4206 Nicklaus Drive	1,100,000
Stone Meadows Square, Commercial Remodel	1,000,000

* These projects are exempt from property taxation.

Some other larger building permit projects currently under review and not yet issued include:

<u>Project Description</u>	<u>Construction Valuation</u>
Bioscience and Technology Business Center – Phase III	\$20,884,500
Standard Beverage, Office and Warehouse expansion	12,250,000
Pretzels, Inc., Building finish	10,500,000
Research Park Drive, 3 Building Office/Warehouse Development	2,500,005
Laird Noller Service Repair Garage Renovation	2,181,508
Hetrick Hangar Phase 2	2,001,973
Deciphera Pharmaceuticals, Tenant Finish	1,540,500

Labor Force Data

	<u>Annual Average</u>				<u>January</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2021</u>
Labor Force:					
City of Lawrence	52,404	52,556	52,436	52,665	52,375
Douglas County	65,276	65,186	65,119	65,375	64,703
State of Kansas	1,483,633	1,476,110	1,477,847	1,486,620	1,502,433
Unemployment Rate:					
City of Lawrence	3.5%	3.2%	3.0%	2.9%	6.3%
Douglas County	3.5	3.2	3.0	2.9	6.1
State of Kansas	4.0	3.6	3.3	3.2	3.5

Source: Kansas Labor Information Center, <http://www.klic.dol.ks.gov>. 2021 data are preliminary.

Permits Issued by the City

<u>Year</u>	<u>New Single Family Residential</u>		<u>New Commercial/Industrial</u>		<u>Total Value^(a) (All Permits)</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
2021 (to 1-31)	19	\$ 5,872,319	2	\$ 9,661,668	\$ 17,946,650
2020	178	63,273,131	11	27,388,958	145,401,761
2019	153	45,173,958	13	39,216,051 ^(b)	213,984,111
2018	285	99,343,420	14	99,478,244 ^(c)	276,589,268
2017	173	60,503,549	16	39,056,790	165,923,864
2016	245	126,310,466	28	37,717,200	220,882,201
2015	246	140,936,024	22	35,494,368	227,899,792
2014	122	42,278,168	18	25,270,632	99,707,903
2013	155	57,549,685	9	49,927,401	171,995,682
2012	148	49,032,140	12	11,839,853	100,656,131
2011	118	58,971,627	15	23,412,046	107,767,956

^(a) In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).

^(b) Approximately \$15,500,000 of these permits are exempt from property taxation.

^(c) Approximately \$10,450,000 of these permits are exempt from property taxation.

Source: The City.

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:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
Lawrence Police Officers Association	125	December 31, 2021
Local 1596 International Association of Firefighters	<u>122</u>	December 31, 2021
Subtotal	247	
Non-unionized employees	<u>615</u>	
Total employees	862	

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 Manager, Mr. Craig S. 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 34,334 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	15,305.60
Total	40,323.21

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 Kansas River Water Assurance 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 the Clinton Plant’s original 10.0 mgd capacity to 25.0 mgd. The distribution system includes over 569 miles of water mains and 3,659 fire hydrants. The daily average volume of water treated was 10.4 mgd in 2020. 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 34 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 2020 was approximately 10.6 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 plans to amend the 2021 capital improvement plan for the System and includes approximately \$41.6 million of capital improvements through early 2022. The City currently expects to finance approximately \$35.8 million of this through the issuance of additional Parity Bonds, and approximately \$5.8 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 beginning of the nutrient removal project at the Kansa River Wastewater Treatment Plant.

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 (2020):

<u>Customer Category</u>	<u>Water Usage (Thousand Gallons)</u>	<u>Amount</u>
Residential	1,720,510.00	\$13,589,707.77
Multifamily	368,470.00	2,562,202.07
Commercial	503,696.00	3,356,230.76
Industrial	314,070.00	1,808,291.27
Wholesale	719,685.00	1,536,550.82
Total	3,626,431.00	\$22,852,982.69

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>
2020	31,275	661	2,404	34,340
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

* 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>
2020	1,720,510	368,470	503,696	314,070	719,685	3,626,431
2019	1,551,795	360,625	552,104	371,837	361,780	3,198,141
2018	1,850,099	363,809	668,711	446,698	404,839	3,734,156
2017*	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

* The differences in the Commercial and Industrial volume was due to a reclassification of reporting.

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>
2020	33,595	10.6
2019	33,358	12.3
2018	33,105	8.7
2017	32,791	10.3
2016	32,493	9.8

Largest Customers

The top ten water consumers during 2020 are as follows:

<u>Customer</u>	<u>Water Sales Volume</u>	<u>% of Total</u>	<u>Water Revenues</u>	<u>% of Total</u>
City of Baldwin	240,021,400	6.62%	\$ 912,321.58	3.99 %
Kansas University	169,533,400	4.67	954,174.29	4.18
Rural Water District #1	50,044,800	1.38	190,310.75	0.83
Packer Plastics	40,939,500	1.13	229,259.52	1.00
Rural Water District #4	36,280,000	1.00	165,720.27	0.73
Rural Water District #2	29,412,300	0.81	118,811.70	0.52
Lawrence Memorial Hospital	27,803,300	0.77	173,436.64	0.76
Westar Energy	25,424,100	0.70	157,241.57	0.69
ICL Specialty Products, Inc.	23,989,500	0.66	149,928.61	0.66
Rural Water District #6	18,498,600	0.51	64,140.23	0.28

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 2020, the City of Baldwin, Kansas, comprised approximately 3.99% of the total water revenues and 6.62% of the total water sales volume of the System. The City's agreement with the City of Baldwin terminates in 2052. During 2020, Rural Water District #1 comprised approximately 0.83% of the total water revenues and 1.38% of the total water consumption of the System. Rural Water District #1 entered into a new contract with the City in December 2019. The contracts expire in 2059 with 60 months' notice of cancellation by either party. In addition to treated water, the City also supplies raw water to Rural Water District #1, Rural Water District #1, Rural Water District #1, and the City of Baldwin.

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 2020, effective November 15, 2020 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 January 1, 2020, are shown below:

Customer Class	Inside City	Outside City
	Effective as of January 1, 2020	Effective as of January 1, 2020
Residential	\$6.96/1,000 gal	\$7.66/1,000 gal
Multifamily	\$5.33/1,000 gal	\$5.95/1,000 gal
Commercial	\$6.11/1,000 gal	\$6.73/1,000 gal
Industrial	\$5.60/1,000 gal	\$6.16/1,000 gal
Irrigation	\$6.96/1,000 gal	\$7.66/1,000 gal

Monthly charges for water service to rural water districts and other municipalities are currently set at \$3.81/1,000 gallons effective as of January 1, 2020, or at such rates as contracted by the City.

Monthly water service charges per water meter, effective on and after January 1, 2020, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2020	Effective as of January 1, 2020
5/8	\$4.15	\$4.60
1	\$5.00	\$5.50
1 ½	\$5.75	\$6.30
2	\$7.95	\$8.75
3	\$23.80	\$26.20
4	\$29.60	\$32.55
6	\$44.00	\$48.40
8	\$59.10	\$65.00
10	\$77.60	\$84.40
12	\$90.30	\$99.35
15	\$120.45	\$132.50

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 January 1, 2020, are shown below:

Monthly Water Use	Inside City	Outside City
	Effective as of January 1, 2020	Effective as of January 1, 2020
Volume Charge	\$8.14/1,000 gal	\$10.59/1,000 gal

Monthly sewer service charges per water meter, effective on and after January 1, 2020, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2020	Effective as of January 1, 2020
All Meter Sizes	\$14.10	\$15.50

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, 2020, 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
	ICBOD	ICTSS	OCBOD	OCTSS
January 1, 2020	\$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.

	2016	2017	2018	2019	2020
Revenues:					
Water and Sewer Charges	\$ 39,023,143	\$ 42,686,814	\$ 49,878,618	\$ 44,970,127	\$ 47,942,074
Other Revenues	210,842	243,656	338,716	273,443	328,883
Total Operating Revenue	\$ 39,233,985	\$ 42,930,470	\$ 50,217,334	\$ 45,243,570	\$ 48,270,957
Expenses:					
Administrative	\$ 4,652,769	\$ 4,722,002	\$ 5,551,977	\$ 7,712,967	\$ 6,655,524
Operation and Maintenance	16,845,348	17,816,926	18,044,829	22,653,061	22,742,579
Depreciation and Amortization	7,096,578	7,554,469	8,980,757	9,595,747	9,089,698
Total Operating Expenses	\$ 28,594,695	\$ 30,093,397	\$ 32,577,563	\$ 39,961,775	\$ 38,487,801
Non-Operating Revenue (Expenses):					
Gain (Loss) on sale	\$ 50,135	\$ 7,045	\$ 54,504	\$ 29,329	\$ (10,625)
Interest Income	452,399	688,945	902,225	1,625,853	857,473
Interest Expense	(5,859,380)	(7,268,743)	(6,173,524)	(5,802,462)	(7,307,888)
Transfers	(3,084,896)	(3,084,000)	(3,085,000)	(3,085,000)	(3,199,167)
Reimbursements	263,610	573,898	406,556	343,541	446,566
Total Non-Operating	\$ (8,178,132)	\$ (9,082,855)	\$ (7,895,239)	\$ (6,888,739)	\$ (9,213,641)
Net Income:	\$ 2,461,158	\$ 3,754,218	\$ 9,744,532	\$ (1,606,944)	\$ 569,515
Net Assets January 1	\$ 139,322,828	\$ 141,783,986	\$ 145,612,712	\$ 153,876,521	\$ 144,795,381
Restatement	\$ -	\$ 74,508	\$ (1,480,723)	\$ (7,474,196)	\$ -
Net Assets December 31	\$ 141,783,986	\$ 145,612,712	\$ 153,876,521	\$ 144,795,381	\$ 145,364,896

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating and Maintenance Expense	\$16,845,348	\$17,816,926	\$18,044,829	\$22,653,061	\$22,742,579
Administrative Expenses	<u>4,652,769</u>	<u>4,722,002</u>	<u>5,551,977</u>	<u>7,712,967</u>	<u>6,655,524</u>
Operating Expenses	\$21,498,117	\$22,538,928	\$23,596,806	\$30,366,028	\$29,398,103
Days	365	365	365	365	365
Daily Operating Expenses	\$ 58,899	\$ 61,750	\$ 64,649	\$ 72,035	\$80,543
Total Cash and Investments	\$27,771,134	\$18,387,806*	\$6,657,487	\$20,692,717	\$23,386,173
Days of Cash for Daily Operating Expenses	472	298	103	287	290

* Subsequent to the publication of the City's 2017 Annual Comprehensive 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.